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

FORM 10-Q

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

For the quarterly period ended September 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: 001-33301

ACCURAY INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	**20-8370041**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

1240 Deming Way
Madison, Wisconsin 53717
(Address of Principal Executive Offices Including Zip Code)

(608) 824-2800
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	ARAY	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file 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

As of October 31, 2026, there were 120,161,818 shares of the Registrant's Common Stock, par value $0.001 per share, outstanding.

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We own or have rights to various trademarks and tradenames used in our business in the United States or other countries, including the following: Accuray®, Accuray Logo®, CyberKnife®, Hi Art®, RoboCouch®, Synchrony®, TomoTherapy®, Xsight®, Accuray Precision®, AutoSegmentation™, CTrue™, H™ Series, iDMS®, InCise™, Iris™, CyberKnife M6™ Series, Accuray OIS Connect™, PreciseART®, PreciseRTX®, Treatment Planning System™, TOMO®, TomoDirect™, TomoEDGE™, TomoH®, TomoHD®, TomoHDA™, TomoHelical™, TomoTherapy Quality Assurance™, Radixact®, Onrad™, S7™, Accuray Helix®, CyberComm™, AEX®, ClearRT®, XChange®, Accuray Stellar™, QUICKPLAN®, CYBERKNIFE VSI®, and VoLO™.

PART I. FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

Accuray Incorporated
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except share amounts and par value)

	September 30, 2026	June 30, 2026
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42,254	$ 40,623
Restricted cash	827	611
Accounts receivable, net of allowance for credit losses of $885 and $884 as of September 30, 2026, and June 30, 2026, respectively [(a)]	50,343	67,409
Inventories, net	146,083	147,075
Prepaid expenses and other current assets [(b)]	26,342	31,783
Deferred cost of revenue	199	276
Total current assets	266,048	287,777
Noncurrent assets:		
Property and equipment, net	25,916	27,316
Investment in joint venture	5,311	5,024
Operating lease right-of-use assets, net	26,131	27,512
Goodwill	22,524	57,911
Restricted cash	7,302	7,533
Other assets	36,823	30,603
Total assets	$ 390,055	$ 443,676
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 33,050	$ 40,554
Accrued compensation	12,732	15,666
Operating lease liabilities, current	7,849	8,236
Other accrued liabilities	23,244	32,235
Customer advances	9,578	10,401
Deferred revenue, current	76,953	82,813
Short-term debt, net	6,700	1,500
Total current liabilities	170,106	191,405
Noncurrent liabilities:		
Operating lease liabilities	26,453	27,768
Long-term other liabilities	6,107	5,477
Warrant liability	6,489	2,427
Deferred revenue, non-current	24,836	28,530
Investor deposit obligation	7,975	—
Long-term debt, net	94,972	146,370
Total liabilities	336,938	401,977
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, $0.001 par value; authorized: 200,000,000 shares as of September 30, 2026, and June 30, 2026; 122,683,906 shares issued and 119,575,537 shares outstanding as of September 30, 2026, and 122,541,809 shares issued and 119,433,440 shares outstanding as of June 30, 2026.	120	119
Additional paid-in-capital	612,552	613,559
Accumulated other comprehensive loss	(1,223)	(3,513)
Accumulated deficit	(558,332)	(568,466)
Total stockholders' equity	53,117	41,699
Total liabilities and stockholders' equity	$ 390,055	$ 443,676

(a) Includes accounts receivable from the joint venture, an equity method investment, of $7,219 and $9,900 as of September 30, 2026, and June 30, 2026, respectively. See Note 12.
(b) Includes dividend and other receivables from the joint venture, an equity method investment, of $260 and $1,716 as of September 30, 2026, and June 30, 2026, respectively.

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

Accuray Incorporated
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except per share amounts)

	Three Months Ended September 30,	
	2026	**2025**
Net revenue:		
Products [a]	$ 27,344	$ 37,161
Services [b]	59,179	56,781
Total net revenue	86,523	93,942
Cost of revenue:		
Cost of products	22,047	29,422
Cost of services	38,392	37,509
Total cost of revenue [c]	60,439	66,931
Gross profit	26,084	27,011
Operating expenses:		
Research and development [d]	7,811	11,218
Selling and marketing	8,681	11,699
General and administrative	10,319	12,596
Restructuring	383	2,811
Goodwill impairment	35,392	—
Total operating expenses	62,586	38,324
Loss from operations	(36,502)	(11,313)
Income from equity method investment, net	114	439
Interest expense	(11,828)	(8,052)
Gain on extinguishment of debt	59,563	—
IEEPA refunding financing costs	(55)	—
Loss from change in fair value of warrant liability	(707)	(1,874)
Other income (expense), net	66	(407)
Income (loss) before provision for income taxes	10,651	(21,207)
Provision for income taxes	517	471
Net income (loss)	$ 10,134	$ (21,678)
Net income (loss) per share - basic	$ 0.07	$ (0.18)
Net income (loss) per share - diluted	$ 0.07	$ (0.18)
Weighted average common shares used in computing net income (loss) per share:		
Basic	138,202	118,946
Diluted	139,256	118,946
Other comprehensive income (loss):		
Net income (loss)	$ 10,134	$ (21,678)
Unrealized loss from cash flow hedges, net of reclassifications	(936)	(108)
Foreign currency translation adjustment	3,226	(31)
Comprehensive income (loss)	$ 12,424	$ (21,817)

(a) Includes sales of products to the joint venture of $7,155 and $8,847 during the three months ended September 30, 2026 and 2025, respectively. See Note 12.
(b) Includes sales of services to the joint venture of $6,347 and $5,515 during the three months ended September 30, 2026 and 2025, respectively. See Note 12.
(c) Includes cost of revenue from sales to the joint venture of $8,309 and $9,545 during the three months ended September 30, 2026 and 2025, respectively. See Note 12.
(d) Includes charge backs to the joint venture related to research and development of $260 and $359 during the three months ended September 30, 2026 and 2025, respectively.

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

Accuray Incorporated
Unaudited Condensed Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2026	119,433	$ 119	$ 613,559	$ (3,513)	$ (568,466)	$ 41,699
Issuance of common stock to employees	143	1	—	—	—	1
Share-based compensation	—	—	1,121	—	—	1,121
Change in fair value of modified Premium Warrants and Super Premium Warrants	—	—	(2,128)	—	—	(2,128)
Net income	—	—	—	—	10,134	10,134
Unrealized loss from cash flow hedges	—	—	—	(936)	—	(936)
Cumulative translation adjustment	—	—	—	3,226	—	3,226
Balance at September 30, 2026	119,576	$ 120	$ 612,552	$ (1,223)	$ (558,332)	$ 53,117

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

Accuray Incorporated
Unaudited Condensed Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2025	112,644	$ 113	$ 602,165	$ (1,837)	$ (519,272)	$ 81,169
Issuance of common stock to employees	637	—	—	—	—	—
Share-based compensation	—	—	2,515	—	—	2,515
Net loss	—	—	—	—	(21,678)	(21,678)
Unrealized loss from cash flow hedges	—	—	—	(108)	—	(108)
Cumulative translation adjustment	—	—	—	(31)	—	(31)
Balance at September 30, 2025	113,281	$ 113	$ 604,680	$ (1,976)	$ (540,950)	$ 61,867

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

Accuray Incorporated
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities		
Net income (loss)	$ 10,134	$ (21,678)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Goodwill impairment	35,392	—
Depreciation and amortization	2,027	1,676
Share-based compensation	1,121	2,515
Amortization of debt financing costs and discount for warrants issued to lenders	4,731	1,905
Non-cash interest paid-in-kind	2,798	2,308
Loss from change in fair value of warrant liability	707	1,874
Provision for credit losses	—	685
Provision for write-down of inventories	464	1,020
Loss on disposal of property and equipment	—	160
Income from equity method investment	(114)	(439)
Net deferred gross profit on sales to the JV	108	1,081
Provision for deferred income taxes, net	(83)	(6)
Gain on extinguishment of debt	(59,563)	—
Changes in assets and liabilities:		
Accounts receivable	17,889	28,288
Inventories	2,386	(16,577)
Prepaid expenses and other assets	2,129	3,497
Deferred cost of revenue	61	1,329
Accounts payable	(8,796)	9,642
Operating lease liabilities, net of operating lease right-of-use assets	(298)	99
Accrued compensation and accrued liabilities	(6,843)	(2,576)
Customer advances	(735)	(70)
Deferred revenues	(7,327)	(2,553)
Net cash (used in) provided by operating activities	(3,812)	12,180
Cash flows from investing activities		
Purchases of property and equipment	(124)	(1,904)
Capitalized costs for software to be sold	(4,880)	(1,920)
Net cash used in investing activities	(5,004)	(3,824)
Cash flows from financing activities		
Debt issuance costs	(845)	—
Paydown of Term Credit Facility	—	(475)
Borrowings under Revolving Credit Facility	—	2,000
Repayments under Revolving Credit Facility	—	(2,000)
Proceeds from Investor Deposit Obligation	15,000	—
Repayments under IEEPA participation agreement	(3,838)	—
Net cash provided by (used in) financing activities	10,317	(475)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	116	(87)
Net increase in cash, cash equivalents and restricted cash	1,617	7,794
Cash, cash equivalents and restricted cash at beginning of period	48,766	62,134
Cash, cash equivalents and restricted cash at end of period	$ 50,383	$ 69,928
Supplemental non-cash disclosure:		
Unpaid purchase of property and equipment at end of period	$ 121	$ 561
Unpaid capitalized software costs to be sold at end of period	$ —	$ 464
Conversion of Term Loan A Facility to Asset-Based Revolving Credit Facility	$ 15,000	$ —
Transfers to inventory from property and equipment, net	$ 14	$ —
Transfers from inventory to property and equipment, net	$ —	$ 604

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

Accuray Incorporated
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. The Company and its Significant Accounting Policies

The Company

Accuray Incorporated (together with its subsidiaries, the "Company" or "Accuray") designs, develops and sells advanced radiosurgery and radiation therapy systems for the treatment of tumors throughout the body. The Company is incorporated in Delaware and is headquartered in Madison, Wisconsin. The Company has primary offices in the United States, Switzerland, China, Hong Kong, and Japan, and conducts its business worldwide.

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and note disclosures have been condensed or omitted pursuant to such rules and regulations. The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair presentation of the periods presented. The results for the three months ended September 30, 2026, are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2027, or for any other future interim period or fiscal year.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the fiscal year ended June 30, 2026, included in the Company's Annual Report on Form 10-K filed with the SEC on August 27, 2026.

Reclassifications

Certain amounts reported in prior periods have been reclassified to conform to the current period presentation. These reclassifications include the presentation of certain operating expenses associated with the fiscal year 2026 restructuring plan within restructuring charges. The reclassifications had no effect on previously reported results of operations, financial position, cash flows, or earnings per share.

Risks and Uncertainties

The Company is subject to risks and uncertainties caused, directly or indirectly, by events with significant geopolitical and macroeconomic impacts, including, but not limited to, inflation; actions taken to counter inflation, including high interest rates; foreign currency exchange rate fluctuations; uncertainty and volatility in the banking and financial services sector; tightening credit markets; the conflicts in Russia-Ukraine, Iran, the Middle East and Southwest Asia, including the impact on global supply chains and oil prices as well as other geopolitical concerns, and increasing tension between China and the U.S., including with respect to Taiwan; uncertainty caused by the China anti-corruption campaign and timing of the China stimulus program; changes in government administration policy positions; imposition of tariffs on global imports and uncertainties regarding impact, retaliations and further escalation, including against other countries; and other factors that may emerge. The Company is also continuing to navigate supply chain and inflation challenges, both of which continue to be a significant headwind that affects the Company's results of operations.

The Company expects that the business of its customers and its own business will continue to be adversely impacted, directly or indirectly, by these macroeconomic and geopolitical issues. In addition, ongoing supply chain challenges and logistics costs, including difficulties in obtaining a sufficient supply of component materials and increased component costs, have adversely affected the Company's gross margins and net income (loss), and the Company currently expects that gross margins and net income (loss) will continue to be adversely affected by increased material costs and freight and logistics expenses through at least fiscal year 2027, and potentially longer. In addition, the Company expects inflation and the ongoing supply chain challenges and logistics costs to impact its cash from operations through at least fiscal year 2027. In addition, reduced budgets and lower capital deployment priority for radiotherapy equipment, along with longer customer installation timelines, in the United States have negatively impacted net revenue since fiscal year 2024, and the Company expects this will continue to affect its net revenue. The extent of the ongoing impact of these macroeconomic events on the Company’s business, its markets and on global economic activity, however, is uncertain and the related financial impact cannot be reasonably estimated with any certainty at this time. The Company’s past results may not be indicative of its future performance, and historical trends, including conversion of backlog to revenue, income (loss) from operations, net income (loss), net income (loss) per share and cash flows may differ materially.

On February 2, 2026, the Company received a notice from the Nasdaq Listing Qualifications Department (the “Nasdaq Staff”) of The Nasdaq Stock Market LLC (“Nasdaq”) indicating that, based upon the closing bid price for the last 30 consecutive business days, the Company was no longer in compliance with Nasdaq Listing Rule 5450(a)(1) (the “Bid Price Rule”) which requires listed securities to maintain a minimum bid price of $1.00 per share. The notification had no immediate effect on the listing of the Company’s common stock, and its common stock continues to trade on Nasdaq under the symbol “ARAY”. Nasdaq has provided the Company with a 180 calendar days compliance period (the “Compliance Period”), or until August 3, 2026, in which to regain compliance with the Bid Price Rule. On August 4, 2026, Nasdaq notified the Company that it had been granted an additional 180-calendar-day period, or until February 1, 2027, to regain compliance with the Bid Price Rule. The extension was granted based on the Company’s satisfaction of the applicable requirements for continued listing, other than the bid price requirement, and the Company’s stated intention to cure the deficiency during the additional compliance period. If at any time on or before February 2, 2027, the closing bid price of the Company’s common stock is at least $1.00 per share for a minimum of ten consecutive business days, Nasdaq will provide written confirmation that the Company has regained compliance with the Bid Price Rule, subject to Nasdaq’s discretion. The Company submitted a transfer application and paid an application fee, and its common stock was transferred to The Nasdaq Capital Market effective as of the opening of business on August 6, 2026, and continues to trade under the symbol “ARAY”. The Company intends to implement a reverse stock split to increase the per-share trading price of its common stock and assist the Company in regaining compliance with the minimum bid price requirement for continued listing on the Nasdaq Capital Market. On October 6, 2026, the reverse stock split was approved by the Company's stockholders. As of the filing date of this Quarterly Report on Form 10-Q, the reverse stock split has not been effected.

The Company continues to critically review its liquidity and anticipated capital requirements in light of the significant uncertainty created by geopolitical and macroeconomic conditions. Based on the balance of the Company’s cash and cash equivalents, available debt facilities, current business plan and revenue prospects, the Company believes that it will have sufficient cash resources and anticipated cash flows to fund its operations for at least the next 12 months from the date of issuance of these unaudited condensed consolidated financial statements. The Company, however, is unable to predict with certainty the impact that geopolitical and macroeconomic conditions, including their effect on the global supply chain, inflation and foreign currency exchange rates, will have on its ability to maintain compliance with the covenants contained in the Amended Financing Agreement (as defined in Note 8. *Debt*), including financial covenants regarding the consolidated fixed charge coverage ratio, consolidated leverage ratio and minimum liquidity requirements.

Failing to comply with the covenants in the Amended Financing Agreement could adversely affect the Company’s ability to finance its future operations or capital needs, withstand a future downturn in its business or the economy in general, engage in business activities, including future opportunities that may be in its interest, and plan for or react to market conditions or otherwise execute its business strategies. The Company’s ability to comply with the covenants and other terms governing the Amended Financing Agreement will depend in part on its future operating performance. In addition, because substantially all of the Company’s assets are pledged as collateral under the Amended Financing Agreement, if the Company is not able to cure any default or repay outstanding borrowings, such assets are subject to the risk of foreclosure by the Company’s lenders. Failure to satisfy the covenants and other terms governing the Amended Financing Agreement in the future could cause the Company to be in default and the maturity of the related debt could be accelerated and become immediately payable. This may require the Company to obtain waivers or additional amendments to the Amended Financing Agreement in order to maintain compliance and there can be no certainty that any such waiver or amendment will be available, or what the cost of such waiver or amendment, if obtained, would be. If the Company is unable to obtain necessary waivers or amendments and the debt under the Amended Financing Agreement is accelerated, the Company would be required to obtain replacement financing. There can be no assurance that the Company would be able to obtain replacement financing on acceptable terms, or at all, on a timely basis. There is no guarantee that the Company would be able to satisfy its obligations if any of its indebtedness is accelerated.

Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures at the date of the financial statements. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company. Actual results could differ materially from those estimates.

Significant Accounting Policies

There have been no material changes in the Company's significant accounting policies during the three months ended September 30, 2026, compared to the significant accounting policies described in its Annual Report on Form 10-K for the fiscal year ended June 30, 2026, filed with the SEC on August 27, 2026.

Recent Accounting Pronouncements

Accounting Pronouncements- Not Yet Effective

In November 2024, the Financial Accounting Standards Board ("FASB") issued accounting standard update ("ASU") 2024-03 requiring additional disclosure of the nature of expenses included in the income statement. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The update is effective for annual periods beginning after December 15, 2026. The Company plans to adopt ASU 2024-03 on July 1, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently assessing the impact of adopting the updated provisions.

Note 2. Revenue

Contract Balances

The timing of revenue recognition, billings, and cash collections results in trade receivables, unbilled receivables, and deferred revenues on the unaudited condensed consolidated balance sheets. The Company may offer longer or extended payment terms of more than one year for qualified customers in some circumstances. At times, revenue recognition occurs before the billing, resulting in an unbilled receivable, which represents a contract asset. The contract asset is a component of accounts receivable and other assets for the current and non-current portions, respectively.

When the Company receives advances or deposits from customers before revenue is recognized, this results in a contract liability. It can take two or more years from the time of order to revenue recognition due to the Company's long sales cycle.

Changes in the contract assets and liabilities are as follows (dollars in thousands):

	September 30, 2026	June 30, 2026	Change $	Change %
Contract Assets:				
Unbilled accounts receivable – current (1)	$ 17,968	$ 11,286	6,682	59%
Interest receivable – current (2)	151	113	38	34%
Long-term accounts receivable (3)	2,468	2,745	(277)	(10%)
Interest receivable – non-current (3)	68	130	(62)	(48%)
Contract Liabilities:				
Customer advances	9,578	10,401	(823)	(8%)
Deferred revenue – current	76,953	82,813	(5,860)	(7%)
Deferred revenue – non-current	24,836	28,530	(3,694)	(13%)

(1) Included in accounts receivable on the unaudited condensed consolidated balance sheets.
(2) Included in prepaid expenses and other current assets on the unaudited condensed consolidated balance sheets.
(3) Included in other assets on the unaudited condensed consolidated balance sheets.

During the three months ended September 30, 2026, contract assets changed primarily due to changes in the timing of billings that occurred after revenues were recognized and changes in transactions with payment terms exceeding 12 months. During the three months ended September 30, 2026, contract liabilities changed due to changes in the timing of revenue recognition as a result of changes in shipping timing, modifications to the transaction price, reduced customer deposits for system sales, and for which the warranty was deferred.

During the three months ended September 30, 2026, the Company recognized revenue of $30.0 million, which was included in the deferred revenue balances as of June 30, 2026. During the three months ended September 30, 2025, the Company recognized revenue of $28.0 million, which was included in the deferred revenue balances as of June 30, 2025.

Remaining Performance Obligations

Remaining performance obligations represent the aggregate amount of transaction price allocated to performance obligations that are unsatisfied, or partially unsatisfied. Service contracts that are considered cancellable are generally considered 30 to 60 day contracts and are not included in the remaining performance obligations below.

As of September 30, 2026, total remaining performance obligations amounted to $55.9 million. Of this total amount, $46.9 million is related to performance obligations for warranties, which is the estimated revenue expected to be recognized over the warranty period for systems that have been delivered (the time bands reflect management's best estimate of the period when the Company will transfer control to the customer and may change based on timing of shipment, readiness of customers' facilities for installation, installation requirements, and availability of products). The Company has elected the practical expedient to not disclose the unsatisfied performance obligations of contracts with an original expected duration of one year or less.

The following table represents the Company's expected revenue recognition based on the remaining performance obligations for warranties as of September 30, 2026 (in thousands):

	Fiscal years of revenue recognition			
	2027	2028	2029	Thereafter
Warranty remaining performance obligations	$ 20,258	$ 17,570	$ 6,469	$ 2,615

The Company expects to recognize as revenue the significant majority of the additional $9.0 million of remaining performance obligations, which are primarily related to deferred training and system installations, over the next 12 months. The Company also has open system orders, upgrade sales orders, and customer credits that are excluded from the above remaining performance obligation balances primarily because they do not include substantive termination penalties at order execution and therefore do not meet the definition of a remaining performance obligation in accordance with ASC 606, *Revenue from Contracts with Customers*. The contract inception date in accordance with Step 1 of ASC 606 for these system and upgrade sales orders has been determined to be shortly before shipment of the system, when the customer becomes obligated to pay the non-refundable contract balance.

Capitalized Contract Costs

As of September 30, 2026 and June 30, 2026, the balance of capitalized costs to obtain a contract was $3.9 million and $4.6 million, respectively. The Company has classified the capitalized costs to obtain a contract as a component of prepaid expenses and other current assets and other assets with respect to the current and non-current portions of capitalized costs, respectively, on the unaudited condensed consolidated balance sheets.

Amounts related to capitalized costs to obtain a contract consisted of the following (in thousands):

	Three Months Ended September 30,	
	2026	2025
Capitalized contract additions	$ 72	$ 102
Amortization of capitalized contract costs	493	417
Impairment loss on capitalized costs	243	246

Note 3. Supplemental Financial Information

Balance Sheet Components

Financing receivables

A financing receivable is a contractual right to receive money, on demand or on fixed or determinable dates, that is recognized as an asset on the Company's balance sheets. The Company's financing receivables, consisting of its accounts receivable with contractual maturities of more than one year, are included in accounts receivable, net, and other assets on the unaudited condensed consolidated balance sheets. The Company evaluates the credit quality of a customer at contract inception and monitors credit quality over the term of the underlying transactions. The Company performs a credit analysis for all new orders and reviews payment history, current order backlog, financial performance of the customers and other variables that augment or mitigate the inherent credit risk of a particular transaction. Such variables include the underlying value and liquidity of the collateral, the essential use of the equipment, the contract term and the inclusion of credit enhancements, such as guarantees, letters of credit or security deposits. The Company classifies accounts as high risk when it considers the financing receivable to be impaired or when management believes there is a significant near-term risk of non-payment. The Company performs an assessment each quarter of the allowance for credit losses related to its financing receivables.

A summary of the Company's financing receivables is presented as follows (in thousands):

	September 30, 2026	June 30, 2026
Financing receivables	$ 2,880	$ 4,762
Allowance for credit losses	—	—
Total, net	$ 2,880	$ 4,762
Reported as:		
Current	$ 1,707	$ 3,508
Non-current	1,173	1,254
Total, net	$ 2,880	$ 4,762

Inventories, net

Inventories consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Raw materials	$ 52,315	$ 50,378
Work-in-process	15,976	14,758
Finished goods	77,792	81,939
Inventories, net	$ 146,083	$ 147,075

The Company's inventories on the unaudited condensed consolidated balance sheets are net of reserves.

Prepaid and Other Current Assets

Prepaid and other current assets consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Value added tax receivables	$ 4,859	$ 8,147
Prepaid commissions	2,674	2,904
Capitalized contract costs	1,573	1,689
Prepaid dues and subscriptions	3,843	3,410
Duty drawback receivables	4,002	4,263
IEEPA refund receivables	—	3,838
Income tax receivable	1,070	735
Debt financing costs	300	170
Derivative asset	1,077	1,697
Dividend receivable from JV	—	1,446
Other prepaid assets	4,431	2,409
Other current assets	2,513	1,075
Total prepaid and other current assets	$ 26,342	$ 31,783

Duty drawback receivables are amounts due from U.S. Customs and Border Protection under Section 301 and other customs programs. These amounts represent refunds of duties previously paid and are recorded when recovery is considered probable and estimable. These receivable amounts do not include any future refund related to previously paid tariffs under the International Emergency Economic Powers Act ("IEEPA"). Debt financing costs are related to the delayed draw term loan facility and the short-term financing costs related to the revolving credit facility included in the Financing Agreement (see Note 8. *Debt*, for more information).

As of June 30, 2026, the Company had recorded an IEEPA refund receivable of $3.8 million. During the quarter ended September 30, 2026, the remaining refund claims were collected and remitted to the third-party purchaser of the refund rights. Accordingly, no IEEPA refund receivable was outstanding as of September 30, 2026.

Property and equipment, net

Property and equipment, net, consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Machinery and equipment	$ 50,340	$ 49,115
Leasehold improvements	33,924	34,173
Software	11,582	11,606
Computer and office equipment	6,408	6,537
Furniture and fixtures	1,783	1,783
Construction in progress	3,511	4,715
Total property and equipment	107,548	107,929
Less: Accumulated depreciation	(81,632)	(80,613)
Total property and equipment, net	$ 25,916	$ 27,316

Depreciation expense related to property and equipment was $1.6 million and $1.7 million during the three months ended September 30, 2026 and 2025, respectively.

Goodwill

Activity related to goodwill consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Balance at the beginning of the period	$ 57,911	$ 57,802
Impairment	(35,392)	—
Currency translation	5	109
Balance at the end of the period	$ 22,524	$ 57,911

The Company performed its annual goodwill impairment test in the quarter ended December 31, 2025, and determined that there was no impairment to goodwill. The Company determined that a triggering event occurred due to a significant decline in its stock price, most notably in late March 2026, which resulted in a decrease in its market capitalization and as a result, on March 31, 2026, the Company performed a quantitative goodwill impairment test. The fair value of the reporting unit in the quantitative impairment test was determined using a combination of an income approach, which estimates fair value based upon projections of future revenues, expenses, and cash flows discounted to their respective present values, and a market approach. The quantitative impairment test determined that the fair value of its reporting unit exceeded its respective carrying amount and therefore no goodwill impairment was recorded.

During the fourth quarter of fiscal 2026, the Company's stock price continued to decline, with the most significant deterioration occurring during the final week of the fiscal year ended June 30, 2026. The decline in stock price further reduced the Company's market capitalization and did not recover within a reasonable period subsequent to year-end. As a result, the Company concluded that an additional triggering event had occurred as of June 30, 2026 and performed a second quantitative goodwill impairment test as of that date. Consistent with the March 31, 2026 assessment, the fair value of the reporting unit was estimated using a combination of the income approach and market approach. Based on the results of the June 30, 2026 quantitative impairment test, the estimated fair value of the reporting unit exceeded its carrying amount and, accordingly, no goodwill impairment charge was recorded. Therefore, no impairment of goodwill was identified during the fiscal year ended June 30, 2026.

During the three months ended September 30, 2026, the Company performed an interim goodwill impairment test due to a significant increase in the carrying amount of its reporting unit resulting from the gain on extinguishment of debt recognized in connection with the Third Amendment and Securities Purchase Agreement. The increase in the carrying amount of the reporting unit was not accompanied by a corresponding increase in its estimated fair value. As a result, the carrying amount of the reporting unit exceeded its estimated fair value, and the Company recognized a non-cash goodwill impairment charge of $35.4 million during the three months ended September 30, 2026.

The Company estimated the fair value of its reporting unit using a combination of the income and market approaches, consistent with the methodologies used in prior periods.

Following recognition of the impairment charge, the carrying amount of goodwill was $22.5 million as of September 30, 2026. Subsequent decreases in the estimated fair value of the reporting unit or increases in its carrying amount could result in additional goodwill impairment charges in future periods.

Other Assets

Other assets consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Capitalized software costs to be sold, net of accumulated amortization of $1.6 million and $1.2 million as of September 30, 2026 and June 30, 2026, respectively	$ 18,355	$ 13,888
Capitalized contract costs	2,328	2,955
Long-term accounts receivable	2,468	2,745
Deferred tax asset	441	427
Debt financing costs	2,299	499
Duty drawback receivables	5,180	3,611
Other long-term assets	5,752	6,478
Total other assets	$ 36,823	$ 30,603

Amortization expense for capitalized software costs to be sold was $0.4 million during the three months ended September 30, 2026, and there was no amortization expense for capitalized software costs to be sold during the three months ended September 30, 2025. Amortization expense is recorded in cost of revenue in the Company's unaudited condensed consolidated statements of operations and comprehensive income (loss). There were no amounts written down to net realizable value for the capitalized software costs to be sold during the three months ended September 30, 2026 and 2025. The Company did not identify any triggering events that would indicate a potential impairment of its definite-lived intangible and long-lived assets as of September 30, 2026.

Debt financing costs are primarily related to the Securities Purchase Agreement, dated July 29, 2026, by and among the Company and certain investors of the Company (the "Securities Purchase Agreement"), including the July 2026 Penny Warrants issued, that were recorded in Other Assets as of September 30, 2026 until the Securities Purchase Agreement is effective upon closing, as well as related to converting the Revolving Credit Facility to an Asset-Based Revolving Credit Facility as executed in the Third Amendment (see Note 8. *Debt,* for more information).

Other Accrued Liabilities

Other accrued liabilities consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Value added tax liabilities	$ 5,633	$ 8,860
Refunds due to customers	4,154	4,465
Accrued royalties	3,206	3,312
Accrued consulting	1,707	2,409
Interest payable	1,262	1,396
Income tax payable	386	331
Payable to purchaser of IEEPA refund rights	—	3,838
Other liabilities	6,896	7,624
Total other accrued liabilities	$ 23,244	$ 32,235

As of June 30, 2026, the Company had recorded a payable to the purchaser of IEEPA refund rights of $3.8 million related to estimated refund claims not yet received. During the quarter ended September 30, 2026, the remaining refund claims were collected and remitted to the third-party purchaser of the refund rights. Accordingly, no IEEPA refund receivable was outstanding as of September 30, 2026.

Accumulated Other Comprehensive Loss

The changes in accumulated other comprehensive loss are excluded from earnings and reported as a component of stockholders' equity. The unrealized gains or losses on cash flow hedge instruments result from changes in the Company's cash flow hedging arrangements. The cumulative foreign currency translation adjustment results from those subsidiaries not using the U.S. Dollar as their functional currency since the majority of their economic activities are primarily denominated in their applicable local currency. Accordingly, all assets and liabilities related to these operations are translated to the U.S. Dollar at the current exchange rates at the end of each period. Revenues and expenses are translated at average exchange rates in effect during the period.

The components of accumulated other comprehensive loss in the stockholders' equity section of the Company's unaudited condensed consolidated balance sheets are as follows (in thousands):

	September 30, 2026	June 30, 2026
Cumulative foreign currency translation adjustment	$ (3,231)	$ (6,457)
Cumulative unrealized gain on cash flow hedge instruments, net of reclassifications	667	1,603
Defined benefit pension obligation	1,341	1,341
Accumulated other comprehensive loss	$ (1,223)	$ (3,513)

Statements of Operations

Interest expense consisted of the following (in thousands):

	Three Months Ended September 30,	
	2026	2025
Contractual interest coupon	$ 3,838	$ 3,555
Non-cash paid-in-kind interest	2,798	2,308
Amortization for financing costs and discount for warrants issued to lenders	4,731	1,905
Other	461	284
Total interest expense	$ 11,828	$ 8,052

Other income (expense), net, consisted of the following (in thousands):

	Three Months Ended September 30,	
	2026	2025
Interest income	$ 131	$ 272
Foreign currency exchange gain (loss)	196	(195)
Costs for hedging activities	(442)	(336)
Other, net	181	(148)
Total other income (expense), net	$ 66	$ (407)

Note 4. Leases

The Company has operating leases for corporate offices and warehouse facilities worldwide. Additionally, the Company leases cars and copy machines that are considered operating leases. Some of the Company's leases are non-cancellable operating lease agreements with various expiration dates through August 2035. Certain lease agreements include options to renew or terminate the lease, which are not reasonably certain to be exercised and therefore, are not factored into the determination of lease payments.

The following table provides information related to the Company's operating leases (in thousands):

	Three Months Ended September 30,	
	2026	2025
Operating lease costs (1)	$ 2,025	$ 2,302
Short-term operating lease costs	77	91
Cash paid for amounts included in the measurement of lease liabilities	2,238	2,111

(1) Excludes expenses related to short-term lease operating costs.

Operating lease right-of-use assets and operating lease liabilities consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Operating lease right-of-use assets		
Balance at the beginning of period	$ 27,512	$ 33,115
Lease assets added, net	3	495
Lease impairments	—	(848)
Amortization for the period	(1,384)	(5,250)
Balance at the end of period	$ 26,131	$ 27,512
Operating lease liabilities		
Balance at the beginning of period	$ 36,004	$ 39,857
Lease liabilities added, net	(97)	333
Repayment and interest accretion	(1,605)	(4,186)
Balance at the end of period	$ 34,302	$ 36,004
Current portion of operating lease liabilities	$ 7,849	$ 8,236
Non-current portion of operating lease liabilities	26,453	27,768

Maturities of operating lease liabilities as of September 30, 2026, are presented in the table below (dollars in thousands):

	Amount
2027 (remaining nine months)	$ 6,136
2028	6,968
2029	5,353
2030	4,945
2031	5,343
Thereafter	20,264
Total operating lease payments	49,009
Less: imputed interest	(14,707)
Present value of operating lease liabilities	$ 34,302

The weighted-average remaining lease term and weighted-average discount rate for operating leases were as follows:

	September 30, 2026	June 30, 2026
Weighted average remaining lease term (in years)	7.4	7.5
Weighted average discount rate	10.5%	10.5%

Note 5. Derivative Financial Instruments

The Company measures all derivatives at fair value on the unaudited condensed consolidated balance sheets. The accounting for gains and losses resulting from changes in the fair value of those derivatives depends upon the use of the derivative and whether it qualifies for hedge accounting are as follows (in thousands):

	Balance sheet location	September 30, 2026	June 30, 2026
		Fair Value	
Derivative Assets Designated as Hedges			
Foreign currency exchange contracts	Other current and prepaid assets	$ 1,021	$ 1,652
Foreign currency exchange contracts	Other assets	14	22
Total asset derivatives		$ 1,035	$ 1,674
Derivative Liabilities Designated as Hedges			
Foreign currency exchange contracts	Accrued liabilities	$ 169	$ 16
Foreign currency exchange contracts	Long-term other liabilities	199	55
Total liability derivatives		$ 368	$ 71

As of September 30, 2026, and June 30, 2026, the fair value of the Company's derivatives not designated as hedging instruments were not material. The Company records its derivative financial instruments on a gross basis within the unaudited condensed consolidated balance sheets.

Cash Flow Hedging Arrangements

The Company uses foreign currency forward contracts designated as cash flow hedges to manage its exposure to the variability of future cash flows that are denominated in a foreign currency. For derivative instruments designated as cash flow hedges, the derivative’s gain or loss is initially reported as a component of accumulated other comprehensive loss and subsequently reclassified into income in the same period or periods in which the hedged item affects earnings. In order for the Company to receive hedge accounting treatment, the cash flow hedge must be highly effective in offsetting changes in the fair value of the hedged item and the relationship between the hedging instrument and the associated hedged item must be formally documented at the inception of the hedge relationship. Hedge effectiveness is formally assessed, both at hedge inception and on an ongoing basis, to determine whether the derivatives used in hedging transactions are highly effective in offsetting changes in the value of the hedged items and whether they are expected to continue to be highly effective in future periods.

The Company formally documents relationships between hedging instruments and associated hedged items. This documentation includes: identification of the specific foreign currency asset, liability or forecasted transaction being hedged; the nature of the risk being hedged; the hedge objective; and the method of assessing hedge effectiveness. If an anticipated transaction is deemed no longer likely to occur, the corresponding derivative instrument is de-designated as a hedge and any associated unrealized gains and losses in accumulated other comprehensive loss are recognized in income or expense at that time. Any future changes in the fair value of the instrument are recognized in current income or expense. The Company is required to maintain a minimum cash collateral balance of $2.0 million for its outstanding cash flow hedge derivatives to fund the anticipated settlement of its open positions. As of September 30, 2026, the Company has $2.0 million in cash collateral for its cash flow hedge derivatives recorded in long-term restricted cash on the unaudited condensed consolidated balance sheets.

The notional amount of the Company's foreign currency forward contracts that were entered into to hedge forecasted revenues and designated as cash flow hedges (in thousands):

	September 30, 2026	June 30, 2026
Euro	$ 31,949	$ 30,718
Japanese Yen	26,343	24,650
Total	$ 58,292	$ 55,368

The amount of the gains and losses on derivative instruments designated as cash flow hedges and the classification of those gains and losses within the unaudited condensed consolidated financial statements were as follows (in thousands):

	Foreign currency exchange contracts	
	Three Months Ended September 30,	
	2026	2025
Loss recognized in accumulated other comprehensive loss	$ (475)	$ (108)
Amount of (gain) reclassified from accumulated other comprehensive loss to net income (loss)	(461)	—
Total	$ (936)	$ (108)

Gains and losses reclassified from accumulated other comprehensive loss are recorded in other income and expense on the Company's statement of operations and comprehensive loss. During the three months ended September 30, 2026, the gains and losses recognized due to the de-designation of cash flow hedge contracts were not significant. As of September 30, 2026, the amount that will be reclassified from accumulated other comprehensive loss to earnings within the next twelve months is $0.9 million. As of September 30, 2026, outstanding cash flow hedges will mature within the next eighteen months.

Balance Sheet Hedging Arrangements

The Company uses foreign currency forward contracts designated as balance sheet hedges with approved financial institutions to manage its exposure to fluctuations in foreign currency exchange rates on certain intercompany balances and foreign currency denominated cash, customer receivables and liabilities. These balance sheet hedging arrangements are not designated as hedging instruments for accounting purposes. The periods of these balance sheet hedges range up to approximately three months and the notional amounts are intended to be consistent with changes in the underlying exposures.

The notional amount of the Company's outstanding balance sheet hedge contracts consisted of the following (in thousands):

	September 30, 2026	June 30, 2026
Swiss Franc	$ 21,712	$ 32,485
Japanese Yen	3,844	2,182
Euro	11,434	12,279
Indian Rupee	1,602	1,488
Chinese Yuan	4,107	5,925
Korean Won	1,784	1,470
Canadian Dollar	—	1,059
Total outstanding balance sheet hedge contracts	$ 44,483	$ 56,888

Gains or losses on derivative financial instruments

Gains and losses on the Company's balance sheet and cash flow hedges are recorded in other income (expense), net, on the Company's unaudited condensed consolidated statements of operations and comprehensive income (loss). The following table provides information about the gain or loss associated with the Company’s derivative financial instruments (in thousands):

	Three Months Ended September 30,	
	2026	2025
Foreign currency exchange (loss) gain on balance sheet hedges	$ (1,014)	$ 99
Foreign currency exchange gain on cash flow hedges	300	95
Total	$ (714)	$ 194

Note 6. Fair Value Measurements

Fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability, in the principal or most advantageous market, for the asset or liability, in an orderly transaction between market participants on the measurement date. The fair value hierarchy contains three levels of inputs that may be used to measure fair value, as follows:

- *Level 1*— Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.
- *Level 2*— Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in non-active markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by other observable market data.
- *Level 3*— Unobservable inputs that cannot be corroborated by observable market data and require the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Items Measured at Fair Value on a Recurring Basis

Warrant Liabilities

The Penny Warrants (as defined in Note 10) are accounted for as a liability with the changes in fair value of the warrants recognized in the statement of operations and comprehensive income (loss). The estimated fair value of the Penny Warrants liabilities represent Level 2 measurements because the fair value of the warrant is being implied based on market trades of the Company's stock.

The following table shows the changes in fair value of the Penny Warrants:

	September 30, 2026	June 30, 2026
Balance at the beginning of the period	$ 2,427	$ 8,497
Issuance of Penny Warrants on December 15, 2025	—	1,820
Issuance of Penny Warrants on May 18, 2026	—	479
Issuance of Penny Warrants on July 29, 2026	3,355	—
Loss (gain) from change in fair value of warrant liability	707	(8,369)
Balance at the end of the period	$ 6,489	$ 2,427

Other Fair Value Disclosures

The Company's open foreign currency forward contracts designated as cash flow hedges and balance sheet hedges are measured on a recurring basis using Level 2 based upon observable inputs. The fair value of the Company's cash flow hedges was $0.9 million and $1.6 million as of September 30, 2026 and June 30, 2026, respectively. As of September 30, 2026 and June 30, 2026, the fair value of the Company's foreign currency forward contracts designated as balance sheet hedges were not material.

The fair value of the Company's convertible debt resulting from the July 29, 2026 Recapitalization Transaction is classified in the level 2 hierarchy. See Note 8. *Debt* for further details.

Note 7. Commitments and Contingencies

Litigation

From time to time, the Company is involved in legal proceedings, including claims, investigations, and inquiries, arising in the ordinary course of its business. The Company records a provision for a loss when it believes that it is both probable that a loss has been incurred and the amount can be reasonably estimated. To the extent there is a reasonable possibility that a loss exceeding amounts already recognized may be incurred and the amount of such additional loss would be material, the Company will either disclose the estimated additional loss or state that such an estimate cannot be made. Currently, management believes the Company does not have any probable and reasonably estimable material losses related to any current legal proceedings and claims. Although occasional adverse decisions or settlements may occur, management does not believe that an adverse determination with respect to any of these claims would individually, or in the aggregate, materially and adversely affect the Company's financial condition or operating results. Litigation is inherently unpredictable and is subject to significant uncertainties, some of which are beyond the Company's control. Should any of these estimates and assumptions change or prove to have been incorrect, the Company could incur significant charges related to legal matters that could have a material impact on its results of operations, financial position and cash flows.

Indemnities

Under the terms of the Company's software license agreements with its customers, the Company agrees that in the event the software sold infringes upon any patent, copyright, trademark, or any other proprietary right of a third-party, it will indemnify its customer licensees against any loss, expense, or liability from any damages that may be awarded against its customer. The Company includes this infringement indemnification in all of its software license agreements and selected managed services arrangements. In the event the customer cannot use the software or service due to infringement and the Company cannot obtain the right to use, replace or modify the license or service in a commercially feasible manner so that it no longer infringes, then the Company may terminate the license and provide the customer a refund of the fees paid by the customer for the infringing license or service. The Company has not recorded any liability associated with this indemnification, as it is not aware of any pending or threatened actions that represent probable losses as of September 30, 2026.

The Company enters into standard indemnification agreements with its landlords and all superior mortgagees and their respective directors, officers, agents, and employees in the ordinary course of business. Pursuant to these agreements, the Company will indemnify, hold harmless, and agree to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the landlords, in connection with any loss, accident, injury, or damage by any third-party with respect to the leased facilities. The term of these indemnification agreements is from the commencement of the lease agreements until termination of the lease agreements. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, historically, the Company has not incurred claims or costs to defend lawsuits or settle claims related to these indemnification agreements. The Company has not recorded any liability associated with its indemnification agreements as it is not aware of any pending or threatened actions that represent probable losses as of September 30, 2026.

Guarantees

As of September 30, 2026, and June 30, 2026, the Company had various bank guarantees totaling $1.9 million in both periods, primarily related to bidding processes with customers.

Royalty Agreement

The Company enters into software license agreements with third parties that require royalty payments for each license used. In connection with such agreements, the Company records royalty costs in cost of revenue or deferred cost of revenue. The Company had approximately $3.2 million and $3.3 million in accrued royalty payments as of September 30, 2026, and June 30, 2026, respectively, related to royalty agreements. The following table provides information about the Company's royalty expense and royalty payments (in thousands):

	Three Months Ended September 30,	
	2026	2025
Royalty expense	$ 217	$ 328
Royalty payments	322	378

Restructuring

In fiscal year 2026, the Company implemented a restructuring plan ("FY26 Restructuring Plan"). The FY26 Restructuring Plan included the elimination of approximately 3% of the global workforce during the three months ended September 30, 2025, and the elimination of approximately 15% of the global workforce during the three months ended December 31, 2025. Certain employees notified during the three months ended December 31, 2025, had various termination dates during the quarterly periods ended March 31, 2026, and June 30, 2026. Restructuring charges also include third-party implementation and other costs that were directly tied to the execution of the FY26 Restructuring Plan and asset impairments for certain operating lease right-of-use assets and capitalized assets as a result of the FY26 Restructuring Plan.

The following table summarizes the restructuring charges (in thousands):

	Three Months Ended September 30,	
	2026	2025
Severance and employee related costs	$ 261	$ 1,511
Third-party implementation and other costs	122	1,300
Total restructuring charges	$ 383	$ 2,811

The following table summarizes the restructuring charge liability (in thousands):

	Severance and employee related costs	Third-party implementation and other costs	Total
Restructuring liability at June 30, 2026	$ 2,315	$ 132	$ 2,447
Restructuring charges	261	122	383
Cash payments	(1,631)	(212)	(1,843)
Non-cash items	—	12	12
Restructuring liability at September 30, 2026	$ 945	$ 54	$ 999

The restructuring activities associated with the FY26 Restructuring Plan were substantially completed as of September 30, 2026.

Recapitalization Transaction- Investor Deposit and Closing Contingencies

On July 29, 2026, the Company entered into the Securities Purchase Agreement (as defined below), pursuant to which the Company agreed to sell 55,000 shares of the Company's Series A Convertible Preferred Stock for an aggregate purchase price of $55.0 million. The aggregate purchase price will be paid in the form of (i) $15.0 million in cash, which was funded on the date the parties entered into the Securities Purchase Agreement, and (ii) the conversion of $40.0 million of existing indebtedness under the Financing Agreement (See Note 8. Debt, for more information). Issuance of the Series A Convertible Preferred Stock is subject to applicable closing conditions, including requisite stockholder approvals relating to the issuance of the securities contemplated by the Securities Purchase Agreement and approval and implementation of the reverse stock split.

If the Securities Purchase Agreement does not close and is terminated in accordance with its terms, the $15.0 million cash investment becomes a secured obligation under the Amended Financing Agreement, together with an additional $15.0 million non-approval fee, resulting in an aggregate contingent secured obligation of $30.0 million. As of September 30, 2026, management assessed the likelihood of the conditions that would trigger the non-approval fee, including failure to obtain the requisite stockholder approvals. Based on that assessment, management concluded that the accounting effect attributable to the contingent fee was immaterial, and no material amount was recognized for the non-approval fee.

On October 6, 2026, stockholders approved the requisite transaction proposals, including the issuance of the securities contemplated by the Securities Purchase Agreement, the increase in authorized common shares, and the reverse stock split. Such stockholder approval did not, by itself, constitute completion of the transaction. The closing remains subject to (i) implementation and effectiveness of the reverse stock split, (ii) filing of the Certificate of Designations, (iii) exchange of the required closing deliverables and (iv) satisfaction of other customary closing conditions.

Note 8. Debt

The Company's net carrying value of outstanding debt as of September 30, 2026, and June 30, 2026, is as follows (in thousands):

	September 30, 2026	June 30, 2026
Term Loan A Facility	$ 13,630	$ —
Convertible Term Loan B Facility	59,000	—
Term Loan Facility	—	125,929
Asset-Based Revolving Credit Facility	20,475	—
Revolving Credit Facility	—	5,241
Convertible Delayed Draw Facility	8,567	—
Delayed Draw Facility	—	16,700
Total Debt	$ 101,672	$ 147,870

A summary of interest expense on the Company's outstanding debt is as follows (in thousands):

	Three Months Ended September 30,	
	2026	2025
Contractual interest coupon	$ 3,838	$ 3,555
Non-cash paid-in-kind interest	2,798	2,308
Amortization of debt financing costs and discount for warrants issued to lenders	4,731	1,905
Total debt related interest expense	11,367	7,768
Other non-debt-related interest	461	284
Total interest expense	$ 11,828	$ 8,052

A summary of weighted average effective interest rate on the Company's debt is as follows:

	September 30, 2026	June 30, 2026
Term Loan Facility	23.4%	24.8%
Convertible Senior Notes due June 1, 2026	—	4.4%
Delayed Draw Facility	17.5%	19.9%
Revolving Credit Facility	21.1%	20.6%
Asset-Based Revolving Credit Facility	17.4%	—

The weighted average effective interest rate includes coupon interest rates, paid-in-kind interest, the amortization of debt financing costs, and the amortization of the discount for warrants issued to lenders.

Financing Agreement

On June 6, 2025, the Company entered into a new five-year senior secured credit agreement, due June 6, 2030 (the “Financing Agreement”) by and among the Company, as borrower (the “Borrower”), TCW Asset Management Company LLC (“TCW”), as collateral agent for the lenders (in such capacity, together with its successors and assigns in such capacity, the “Collateral Agent”) and as administrative agent for the lenders (in such capacity, together with its successors and assigns in such capacity, the “Administrative Agent," and together with the Collateral Agent, each an “Agent” and collectively, the “Agents”), and certain other parties signatory thereto. TCW is considered a related party due to its relationship with the Company as a beneficial owner of more than 5% of the Company’s common stock. The Financing Agreement provides for a $150 million term loan (the “Term Loan Facility”), a $20 million delayed draw term loan facility (the “Delayed Draw Facility”), and a $20 million revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility and Delayed Draw Facility, the “Facilities”). The Financing Agreement contains restrictions and covenants applicable to the Company and its subsidiaries. The Company paid $13.1 million in debt financing fees (including a $5.4 million Original Issue Discount Fee). The debt financing fees will be amortized using the effective interest rate method over the life of the Term Loan Facility as interest expense.

In December 2025, the Company entered into amendments to the Financing Agreement. The first amendment to the Financing Agreement ("First Amendment") provided for the inclusion of certain restricted cash balances in the liquidity covenant in the Financing Agreement. The second amendment to the Financing Agreement ("Second Amendment") provided for (i) removal of the leverage condition the Company must meet to draw down on the Delayed Draw Facility; (ii) reduction of the capacity of the Delayed Draw Facility to $18.3 million; and (iii) the delay of the commencement of the requirement for the Company to meet the fixed charge coverage ratio and leverage ratio to December 31, 2026. In addition, the Company agreed to pay an additional $2.4 million in fees and amounts available to be drawn under the Revolving Credit Facility were reduced to $15.0 million through December 31, 2026.

In May 2026, the Company borrowed an aggregate principal amount of $18.3 million under the Delayed Draw Facility. The Company agreed to pay an additional $0.3 million in fees to fund the Delayed Draw Facility.

Recapitalization Transaction

On July 29, 2026, the Company entered into Amendment No. 3 to the Financing Agreement (the “Third Amendment” and together with the Financing Agreement, the First Amendment and the Second Amendment, the "Amended Financing Agreement") and concurrently, entered into the Securities Purchase Agreement (collectively, the “Recapitalization Transaction”) with certain existing investors as described below. The Third Amendment modified the Company’s existing debt arrangements, including converting the Revolving Credit Facility to an asset-based revolving credit facility (the “Asset-Based Revolving Credit Facility”), modifying certain financial covenants, including minimum liquidity requirements, and providing a covenant holiday through December 31, 2027 with respect to certain financial covenants. The Third Amendment converted $15.0 million of the existing Term Loan A (as defined in the Financing Agreement) principal into an Asset-Based Revolving Credit Facility with the same lender and increased the revolving credit commitment from $15.0 million to $30.0 million. The Company accounted for this change as a separate unit of account and as a debt modification under ASC 470-50, *Debt-Modification and Extinguishments,* with no gain or loss recognized. The Third Amendment also provides for an additional $5.0 million delayed draw term loan commitment, subject to specified conditions.

The Securities Purchase Agreement entered into on July 29, 2026 provides for the issuance of $55.0 million of Series A Convertible Preferred Stock paid in the form of (i) $15.0 million in cash, which was funded on the date the parties entered into the Securities Purchase Agreement, and (ii) the conversion of $40.0 million of existing indebtedness under the Financing Agreement. If the Securities Purchase Agreement does not close and is terminated in accordance with its terms, the $15.0 million cash investment becomes a secured obligation under the Financing Agreement, together with an additional $15.0 million non-approval fee, resulting in an aggregate contingent secured obligation of $30.0 million. In connection with entering into the Securities Purchase Agreement on July 29, 2026, the Company issued the July 2026 Penny Warrants (as defined below) to the investors party thereto. The Securities Purchase Agreement provides that, upon closing, the previously issued and outstanding June 2025 Premium Warrants, December 2025 Premium Warrants, December 2025 Super Premium Warrants, May 2026 Premium Warrants and May 2026 Super Premium Warrants (each as defined below) will automatically be cancelled and extinguished. As of September 30, 2026, the issuance of the Series A Convertible Preferred Stock, the conversion of the $40.0 million of existing indebtedness into Series A Convertible Preferred Stock, and cancellation of the amended Premium and Super Premium Warrants remained subject to the applicable closing conditions, including implementation of the reverse stock split.

The Company concluded that the Recapitalization Transaction added a substantive contingent conversion feature to Term Loan B (as defined in the Financing Agreement) and the outstanding Delayed Draw Term Loan and, accordingly, accounted for the changes as an extinguishment of the existing debt on July 29, 2026 under ASC 470-50. The Company recognized a gain on extinguishment of $59.6 million, presented separately in the unaudited condensed consolidated statements of operations and comprehensive income (loss). The gain reflected the derecognition of the existing Term Loan B and outstanding Delayed Draw Term Loan, including the write-off of $9.3 million of unamortized debt discounts and debt offering costs and $22.0 million of unamortized debt discounts attributable to previously issued warrants; the initial recognition of the replacement Convertible Term Loan B Facility and outstanding borrowings under the Convertible Delayed Draw Facility at their July 29, 2026 fair values; and the accounting effects of the related warrant amendments providing for cancellation upon closing.

The Company also recorded the fair value of the obligation associated with the $15.0 million cash investment received in exchange for its contingent obligation to issue 15,000 shares of Series A Convertible Preferred Stock at a purchase price of $1,000 per share and with a liquidation preference based on the accreted value or the as-converted to common stock value (the "Convertible Investor Deposit Obligation"). If the Securities Purchase Agreement does not close and is terminated in accordance with its terms, the $15.0 million cash investment becomes a secured obligation under the Amended Financing Agreement, together with an additional $15.0 million non-approval fee, resulting in an aggregate contingent secured obligation of $30.0 million. As of September 30, 2026, management assessed the likelihood of the conditions that would trigger the non-approval fee, including failure to obtain the requisite stockholder approvals. Based on that assessment, management concluded that the accounting effect attributable to the contingent fee was immaterial, and no material amount was recognized for the fee. The fair value adjustment associated with the Convertible Investor Deposit Obligation was also included in the gain on extinguishment of debt calculation.

The fair values of the Convertible Term Loan B Facility, Convertible Delayed Draw Facility and Convertible Investor Deposit Obligation at July 29, 2026 were $54.3 million, $7.9 million and $8.0 million, respectively, which approximates their fair values as of September 30, 2026.

On October 6, 2026, the Company’s stockholders approved the proposals required to consummate the transactions contemplated by the Securities Purchase Agreement, including the issuance of the Series A Convertible Preferred Stock, the increase in the number of authorized shares of common stock, and the reverse stock split contemplated in connection with the transaction, with the related actions to become effective at closing.

The Company's obligations under the Amended Financing Agreement are secured by first-priority liens on substantially all assets of the Company and certain of its direct and indirect subsidiaries, subject to certain exceptions.

The Amended Financing Agreement contains restrictions and covenants applicable to the Company and its subsidiaries. Among other requirements, the Company may not permit (i) the total leverage ratio (as defined in the Amended Financing Agreement) to be greater than a certain specified ratio for each fiscal quarter during the term of the Amended Financing Agreement, (ii) the fixed charge coverage ratio (as defined in the Amended Financing Agreement) to be less than a certain specified ratio for each fiscal quarter during the term of the Amended Financing Agreement or (iii) liquidity (as defined in the Amended Financing Agreement) to be less than a certain specified threshold for each month during the term of the Amended Financing Agreement. As of June 30, 2026, the Company was not in compliance with the minimum liquidity covenant contained in the Amended Financing Agreement. As noted above, on July 29, 2026, the Company entered into the Third Amendment, pursuant to which the lenders waived such default and modified certain financial covenants, including the minimum liquidity requirement.

The Amended Financing Agreement also contains customary covenants that limit, among other things, the ability of the Company and its subsidiaries to (i) incur indebtedness, (ii) incur liens on their property, (iii) pay dividends or make other distributions, (iv) sell their assets, (v) make certain loans or investments, (vi) merge or consolidate, (vii) voluntarily repay or prepay certain indebtedness and (viii) enter into transactions with affiliates, in each case subject to certain exceptions. The Amended Financing Agreement contains customary representations and warranties and events of default.

Interest on the borrowings under the Facilities is payable in arrears on the applicable interest payment date at an interest rate equal to, at the Company's option, either: (i) a term SOFR-based rate (subject to a 2.00% per annum floor), plus an applicable margin of 8.50%, per annum or (ii) a reference rate (subject to a 3.00% per annum floor), plus an applicable margin of 7.50% per annum. The agreement provides the option for payment-in-kind interest ("PIK") up to 6.00% per annum (subject to an increase in applicable margin of 1/3 of 1.00% per annum for each 1.00% per annum of interest elected to be paid in kind), which PIK interest will be capitalized on the applicable interest payment date and will be added to the then-outstanding principal amount of the term loans. The Amended Financing Agreement requires the Borrower to pay the lenders with commitments under the Revolving Credit Facility an unused commitment fee equal to 0.50% per annum of the average unused portion of the Revolving Credit Facility.

In connection with entering into the Financing Agreement, the Second Amendment, the Third Amendment as well as upon drawing upon the Delayed Draw Facility, the Company issued detachable warrants to purchase the Company's common stock to certain of its lenders under the Amended Financing Agreement.

The Company was in compliance with its covenants and other requirements of the Amended Financing Agreement as of September 30, 2026.

Warrants

On June 6, 2025, concurrently with its entry into the Financing Agreement, the Company issued detachable warrants to purchase the Company's common stock to certain of its lenders (the "Warrant Holders") under the Financing Agreement. The Warrant Holders were issued warrants to purchase (i) 17,180,710 shares of common stock with an exercise price of $1.68 per share, exercisable on and after December 7, 2025 and expiring on June 6, 2032 (the "June 2025 Premium Warrants") and (ii) 6,247,531 shares of common stock with an exercise price of $0.01 per share, which are exercisable immediately and expire June 6, 2032 (the "June 2025 Penny Warrants").

On December 15, 2025, concurrently with its entry into the Second Amendment, the Company issued detachable warrants to purchase the Company's common stock to the Warrant Holders. The Warrant Holders were issued warrants to purchase (i) 3,062,726 shares of common stock with an exercise price of $1.50 per share, exercisable on and after June 16, 2026 and expiring on December 15, 2032 (the "December 2025 Super Premium Warrants"), (ii) 2,187,661 shares of common stock with an exercise price of $1.25 per share, exercisable on and after June 16, 2026 and expiring on December 15, 2032 (the "December 2025 Premium Warrants"), and (iii) 1,750,129 shares of common stock with an exercise price of $0.01 per share, which are exercisable immediately and expire on December 15, 2032 (the "December 2025 Penny Warrants"). At the issuance date, the December 2025 Super Premium Warrants and December 2025 Premium Warrants were valued at $3.7 million in aggregate.

On May 18, 2026, the Company accessed the Delayed Draw Facility and issued detachable warrants to purchase the Company's common stock to the Warrant Holders. The Warrant Holders were issued warrants to purchase (i) 2,990,010 shares of common stock with an exercise price of $1.50 per share, exercisable on and after November 19, 2026 and expiring on May 18, 2033 (the "May 2026 Super Premium Warrants"), (ii) 2,135,721 shares of common stock with an exercise price of $1.25 per share, exercisable on and after November 19, 2026 and expiring on May 18, 2033 (the "May 2026 Premium Warrants"), and (iii) 1,708,577 shares of common stock with an exercise price of $0.01 per share, which are exercisable immediately and expire on May 18, 2033 (the "May 2026 Penny Warrants"). The June 2025 Premium Warrants, June 2025 Penny Warrants, the December 2025 Super Premium Warrants, the December 2025 Premium Warrants, the December 2025 Penny Warrants, the May 2026 Super Premium Warrants, the May 2026 Premium Warrants and the May 2026 Penny Warrants are collectively referred to as the "Warrants." At the issuance date, the May 2026 Super Premium Warrants and May 2026 Premium Warrants were valued at $0.7 million in aggregate.

On July 29, 2026, in connection with entering into the Recapitalization Transaction, the Company issued to investors party to the Securities Purchase Agreement warrants (the "July 2026 Penny Warrants") to purchase up to an aggregate of 15,253,473 shares of common stock, at an exercise price of $0.01 per share of common stock. The warrants are exercisable for a period of 7 years after the date of issuance. The Securities Purchase Agreement provides that, upon closing, the previously issued and outstanding June 2025 Premium Warrants, December 2025 Premium Warrants, December 2025 Super Premium Warrants, May 2026 Premium Warrants and May 2026 Super Premium Warrants will automatically be cancelled and extinguished.

On October 6, 2026, the Company's stockholders approved the proposals required to consummate the transactions contemplated by the Securities Purchase Agreement, including the issuance of Series A Convertible Preferred Stock thereunder, the increase in the number of authorized shares of common stock, and the reverse stock split contemplated in connection with the transaction. The transaction has not closed, and the cancellation of the June 2025 Premium Warrants, the December 2025 Premium Warrants and the December 2025 Super Premium Warrants has not occurred.

As of September 30, 2026, no warrants have been exercised.

Note 9. Stock Incentive Plans

The following table presents details of share-based compensation expenses, by functional line item, noted within the Company's unaudited condensed consolidated statements of operations and comprehensive income (loss) (in thousands):

	Three Months Ended September 30,	
	2026	**2025**
Cost of revenue – products	$ 25	$ 180
Cost of revenue – services	101	190
Research and development	(4)	351
Selling and marketing	201	509
General and administrative	798	1,285
Total share-based compensation	$ 1,121	$ 2,515

In November 2025, the Company's stockholders approved the 2026 Equity Incentive Plan (the "2026 Plan") whereby a maximum of 3,896,000 shares of common stock were reserved for issuance, plus the shares remaining in the share reserve under the Company's 2016 Equity Incentive Plan (the "2016 Plan") immediately before the effective date of the 2026 Plan and shares subject to outstanding awards granted under the 2016 Plan that would be added to the 2026 Plan on or after the effective date of the 2026 Plan.

Note 10. Net Income (Loss) Per Common Share

Basic earnings per share is computed based on the weighted average number of shares of common stock and Penny Warrants (as defined below) outstanding during the period. Diluted earnings per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period. Dilutive potential common shares include outstanding share awards. Potentially dilutive shares of the Company's common stock are excluded from the computation of diluted net loss per share for loss periods presented because including them would have been anti-dilutive. Diluted earnings per share is the same as basic earnings per share for the periods in which the Company had a net loss because the inclusion of potentially dilutive securities would be anti-dilutive.

A reconciliation of the numerator and denominator used in the calculation of basic and diluted net income (loss) per common share is as follows (in thousands, except for per share amounts):

	Three Months Ended September 30,	
	2026	2025
Numerator:		
Net income (loss)	$ 10,134	$ (21,678)
Denominator:		
Weighted average shares outstanding - basic	138,202	118,946
Dilutive effect of potential common shares	1,054	—
Weighted average shares outstanding - diluted	139,256	118,946
Basic net income (loss) per share	$ 0.07	$ (0.18)
Diluted net income (loss) per share	$ 0.07	$ (0.18)
Anti-dilutive share-based awards, excluded	12,932	10,765
Anti-dilutive warrants, excluded	27,557	17,181

Warrants Issued in Connection with the Long-term Debt

The Company has issued warrants to the lenders of its long-term debt (See Note 8. *Debt,* for more information). Accounting guidance dictates that shares issuable for little or no cash consideration upon the satisfaction of certain conditions shall be considered outstanding common shares and included in the computation of basic earnings per share. The June 2025 Penny Warrants, December 2025 Penny Warrants, May 2026 Penny Warrants, and July 2026 Penny Warrants (collectively, the "Penny Warrants") are considered shares issuable for little or no cash consideration upon the satisfaction of certain conditions and are considered outstanding common shares to be included in the computation of basic and diluted earnings per share. Approximately 20.3 million Penny Warrant shares are included in the weighted average shares to calculate basic and diluted earnings per share during the three months ended September 30, 2026. As of September 30, 2026, no warrants have been exercised.

Note 11. Segment Information

The Company has one operating and reporting segment (oncology systems group), which develops, manufactures and markets proprietary medical devices used in radiation therapy for the treatment of cancer patients. The Company's Chief Executive Officer, its Chief Operating Decision Maker ("CODM"), assesses financial performance by reviewing a reporting package based on consolidated results of the Company when making decisions about allocating resources and assessing performance. The CODM evaluates performance based on net revenues, gross profit, and operating income which are consistent with what is reported in the unaudited condensed consolidated statements of operations and comprehensive income (loss). Significant segment expenses regularly provided to the CODM are consolidated research and development expenses, selling and marketing, and general and administrative expenses as reported on the consolidated financial statements. In addition, the CODM regularly reviews the budget and forecast-to-actual variances to evaluate performance and to make decisions about allocating capital and other resources. The Company does not assess the performance of its individual product lines on measures of profit or loss, or asset-based metrics. Therefore, the information below is presented only for revenues and long-lived tangible assets by geographic areas.

Disaggregation of Revenues

The Company disaggregates its revenues from contracts by geographic region, as the Company believes this best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by economic factors. Revenues attributed to a country or region are based on the shipping address of the Company's customers. Additionally, the Company typically recognizes revenue at a point in time for product revenue and recognizes revenue over time for service revenue.

The Company reports its customer revenues in five geographic regions: the Americas, EIMEA, Japan, China and Asia Pacific. The Americas region primarily includes the United States, Canada and Latin America. The EIMEA region includes Europe, India, the Middle East, and Africa. The Asia Pacific region consists of Asia (excluding Japan and China), Australia and New Zealand.

The following summarizes net revenue by geographic region (in thousands):

	Three Months Ended September 30,	
	2026	2025
Americas	$ 15,713	$ 24,926
EIMEA	37,230	34,272
China	13,462	15,229
Japan	9,146	9,308
Asia Pacific	10,972	10,207
Total	$ 86,523	$ 93,942

Disaggregation of Long-Lived Assets

Information regarding geographic areas in which the Company has long-lived assets, which consist of property, plant and equipment, net, and operating lease right-of-use assets, are as follows (in thousands):

	September 30, 2026	June 30, 2026
Americas	$ 43,465	$ 45,389
EIMEA	6,661	7,354
China	1,236	1,256
Japan	382	480
Asia Pacific	303	349
Total	$ 52,047	$ 54,828

The long-lived assets in the Americas region are located in the United States as of September 30, 2026, and June 30, 2026.

Note 12. Joint Venture

In January 2019, the Company's wholly-owned subsidiary, Accuray Asia Limited ("Accuray Asia"), entered into an agreement with CNNC High Energy Equipment (Tianjin) Co., Ltd. (the "CIRC Subsidiary"), a wholly-owned subsidiary of China Isotope & Radiation Corporation, to form a joint venture, CNNC Accuray (Tianjin) Medical Technology Co. Ltd. (the "JV"), to manufacture and sell radiation oncology systems in China. As of September 30, 2026, the Company owned a 49% interest in the JV, which is reported as an investment in joint venture on the Company's unaudited condensed consolidated balance sheets.

The Company applies the equity method of accounting to its ownership interest in the JV as the Company has the ability to exercise significant influence over the JV but lacks controlling financial interest and is not the primary beneficiary. The Company recognizes the 49% proportionate share of the JV income or loss on a one-quarter lag due to the timing of the availability of the JV's financial records. The Company recognizes revenue on sales to the JV in the current period of control transfer, eliminating a portion of profit to the extent goods sold have not been sold through by the JV to an end customer by the end of each reporting period. With the receipt of the necessary permits and licenses to operate, the JV has begun to manufacture and sell a locally branded "Made in China" radiotherapy device, the Tomo C radiation therapy system, in the Class B license category. The JV also distributes other Accuray treatment delivery systems like the Radixact and CyberKnife treatment delivery systems, including the Radixact SynC and CyberKnife S7 Systems, which received NMPA approval in January 2025.

The following table shows the reconciliation between the carrying value of the Company's investment in the JV and its proportional share of the underlying equity in net assets of the JV (in thousands):

	September 30, 2026	June 30, 2026
Carrying value of investment in joint venture	$ 5,311	$ 5,024
Deferred intra-entity gross profit	17,574	17,466
Dividend declared	—	1,446
Equity method goodwill	(4,720)	(4,720)
Proportional share of equity investment in joint venture	$ 18,165	$ 19,216

As of September 30, 2026, and June 30, 2026, the Company's carrying value of the investment in the JV for the Company's proportional share of the JV's currency translation adjustment was increased by $0.6 million and $0.3 million, respectively. In June 2026, the JV declared a $1.4 million dividend to the Company which was paid in July 2026. There were no dividends declared as of September 30, 2026.

Summarized financial information of the JV is as follows (in thousands):

	Three Months Ended June 30,	
Statement of Operations Data:	**2026**	**2025**
Revenue	$ 24,408	$ 19,786
Gross profit	4,773	5,580
Net income	232	888
Net income attributable to the Company	114	439

Summarized Balance Sheet Data:	As of June 30, 2026	As of June 30, 2025
Assets:		
Current assets	$ 181,601	$ 189,755
Non-current assets	16,273	15,529
Total assets	$ 197,874	$ 205,284
Liabilities and Stockholders' Equity:		
Current liabilities	$ 157,676	$ 167,514
Non-current liabilities	3,126	1,297
Stockholders' equity	37,072	36,473
Total liabilities and stockholders' equity	$ 197,874	$ 205,284

The following table shows the activity of the Company's net revenue recognized from intra-entity gross profit from sales (in thousands):

	Three Months Ended September 30,	
	2026	2025
Deferred gross profit recognized on sales to the JV	$ (1,156)	$ (570)
Deferred gross profit on sales to the JV	1,264	1,651
Net deferred (recognized) gross profit on sales to the JV (1)	$ 108	$ 1,081

(1) Profits are deferred by the Company from the JV and are eliminated through cost of goods sold until it is realized. When profits are realized they are credited through cost of goods sold. Profits are considered realized when the inventory has been sold through to third parties.

Note 13. Income Tax

The following summarizes the provision for income taxes (in thousands):

	Three Months Ended September 30,	
	2026	2025
Provision for income taxes	$ 517	$ 471

On a quarterly basis, the Company provides for income taxes based upon an estimated annual effective income tax rate. The Company's income tax expense during the three months ended September 30, 2026 and 2025, was primarily related to foreign taxes.

In connection with the July 2026 debt recapitalization, the Company recognized a gain on debt extinguishment for financial reporting purposes that may result in differences between the book and tax basis of the debt. These differences could give rise to deferred tax liabilities. The Company maintains a full valuation allowance against its U.S. deferred tax assets, and any resulting deferred tax liabilities could affect income tax expense depending on the availability of tax attributes and applicable limitations under Section 382 of the Internal Revenue Code.

On July 4, 2025, new federal tax legislation was enacted, introducing significant changes to U.S. corporate income tax law. Key provisions include the optional expensing of domestic research and development costs under Section 174, modifications to business interest deductions under Section 163(j), and changes to international tax rules such as GILTI. Some provisions are effective retroactively to January 1, 2025, while others phase in through 2027. Due to the full valuation allowance maintained against the Company's U.S. deferred tax assets, the enactment of this legislation did not have a material impact on the Company's income tax provision for the quarter ended September 30, 2026. Any required updates to deferred tax balances or related disclosures will be reflected in the Company's annual financial statements, as applicable. At June 30, 2026, the Company's gross unrecognized tax benefits were $22.8 million, of which $21.8 million would not affect income tax expense before consideration of any valuation allowance. The Company does not expect its unrecognized tax benefits to change significantly during fiscal year 2027. Interest and penalties accrued on unrecognized tax benefits are recorded as a component of income tax expense.

Note 14. Related Party

Consulting Agreement

On October 18, 2025, the Company entered into a consulting agreement (the "Agreement") with Dedication Capital, LLC ("Dedication Capital"), an affiliate of Steven F. Mayer, a member of the board of directors (the "Board") of the Company. Pursuant to the Agreement, Mr. Mayer, the chief executive officer of Dedication Capital, was appointed as Transformation Board Sponsor, providing consulting services to the Company over a period of one year. Mr. Mayer's services will include, among other things, responsibility for leading the Company's planning and execution of certain strategic, organizational, cultural, and operational initiatives and transformation in consultation with the Company's Chief Executive Officer ("CEO"), onboarding the CEO and consulting with the CEO on other matters, and establishing the composition and duties of a transformation office.

In consideration for the services to be provided to the Company, Dedication Capital and Mr. Mayer will receive (i) a base consulting fee of $600,000 per year, (ii) a cash incentive award for fiscal year 2026 and the first 3 ½ months of fiscal 2027 totaling up to $750,000, where $375,000 is guaranteed, and (iii) equity awards granted to Mr. Mayer consisting of (a) 1.25 million restricted stock awards ("RSAs") with a grant date fair value of $1.5 million and (b) 1.25 million performance-based stock awards ("PRSAs") with a grant date fair value of $0.9 million. The RSAs will vest one year from the grant date and no later than November 28, 2026, and the PRSAs will be eligible to vest based on the Company's stock price performance over an approximately six-year performance period ending on September 30, 2031.

On April 1, 2026, the Company amended the Agreement (the "Amended Agreement"). The Amended Agreement reduced the following by fifty percent: (1) the base consulting fee for the period of March 31, 2026 through October 31, 2026, (2) the minimum amount payable under the guaranteed cash incentive award for the period ended June 30, 2026, and (3) the minimum guaranteed mid-year cash incentive award for the period ended September 30, 2026. In addition, the Company accelerated 0.9 million of the RSAs to vest on April 1, 2026, and the remaining shares vested on October 31, 2026.

The Company recorded $0.1 million for consulting fees and the incentive target bonus for services provided by Dedication Capital and Mr. Mayer during the three months ended September 30, 2026. The Company recorded $0.3 million in stock compensation expense during the three months ended September 30, 2026, for the RSAs and PRSAs. The Company includes the consulting fees and incentive target bonus paid or payable to Dedication Capital and Mr. Mayer in restructuring expenses as these expenses are directly tied to the execution of the FY26 Restructuring Plan (as defined in Note 7). The Company includes expenses for the RSAs and PRSAs in stock-based compensation expenses.

Financing Agreement

TCW (as defined in Note 8) is considered a related party due to its beneficial ownership of more than 5% of the Company's outstanding common stock. The Company is party to a Financing Agreement with TCW, acting as collateral agent and administrative agent for the lenders. See Note 8, Debt, for additional information regarding the Financing Agreement and related amendments. Affiliates of TCW are also investors party to the Securities Purchase Agreement and, on July 29, 2026, received July 2026 Penny Warrants to purchase 15,253,473 shares of common stock. Affiliates of TCW funded the full $15.0 million cash investment and hold the full $40.0 million of indebtedness to be exchanged for Series A Convertible Preferred Stock.

Note 15. Subsequent Events

On October 6, 2026, the Company's stockholders approved the proposals required to consummate the transactions contemplated by the Securities Purchase Agreement, including the issuance of securities thereunder, the increase in the number of authorized shares of common stock, and the reverse stock split. Stockholder approval did not, by itself, result in the closing of the transaction. The closing remains subject to (i) implementation and effectiveness of the reverse stock split, (ii) filing of the Certificate of Designations, (iii) exchange of the required closing deliverables and (iv) satisfaction of other customary closing conditions.

As of the date these unaudited condensed consolidated financial statements were issued, the Securities Purchase Agreement has not closed.

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

The following discussion and analysis of our financial condition as of September 30, 2026, and results of operations for the three months ended September 30, 2026 and 2025 should be read together with our unaudited condensed consolidated financial statements and related notes included in this report. Statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact are forward-looking statements that are subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this report relate, but are not limited, to: our future results of operations and financial position, including the sufficiency of cash resources and expected cash flows to fund future operations, including the next 12 months, and our ability to satisfy our anticipated operating and debt service obligations; our expectations regarding backlog, age-ins and age-outs, cancellations of contracts and foreign currency impacts; the anticipated drivers of our future capital requirements; the expected timing, completion, accounting treatment and anticipated benefits of the transactions contemplated by the Securities Purchase Agreement and the Third Amendment (each as defined below), including the issuance of the Series A Convertible Preferred Stock; our ability to regain and maintain compliance with Nasdaq continued listing requirements; the anticipated benefits of the Transformation Plan (as defined below); expectations regarding our strategy in China and our China joint venture as well as its expected impact on our business; expectations regarding the market in China for radiation oncology systems; expectations regarding the effects of the global macroeconomic conditions on our financial results and business as well as the business of our customers and suppliers; expectations regarding the impact of changes in government administration policy positions; expectations regarding delays in deliveries and installations and its impact on our business; expectations regarding inflation, supply chain challenges and heightened logistics costs and its impact on our business, including gross margins and net income (loss); expectations regarding revenue from the Americas region; expectations regarding the timing of deliveries and revenue conversion; our expectations regarding the adequacy of our manufacturing facilities; the anticipated risks associated with our foreign operations and fluctuations in the U.S. Dollar and foreign currencies as well as our ability to mitigate such risks; potential changes in tariffs, export controls, trade sanctions, and other trade policies; expectations related to the effect of the GILTI tax and the One Big Beautiful Bill Act on us; expectations related to our credit facilities and other indebtedness, including our ability to comply with the covenants thereunder, the availability of borrowings thereunder and the impact of changes in interest rates on our interest expense; expectations related to our leases; the amount of unrecognized tax amounts; the sufficiency of our cash and cash equivalents to meet our anticipated cash needs for working capital and capital expenditures and our business strategy, plans and objectives. Forward-looking statements generally can be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "may," "could," "would," "should," "potential," "seek," "target," "will be," "will continue," "will likely result," and similar expressions. These forward-looking statements involve risks and uncertainties. If any of these risks or uncertainties materialize, or if any of our assumptions prove incorrect, actual results could differ materially from the results expressed or implied by these forward-looking statements. These risks and uncertainties include those discussed in this quarterly report, in particular under the heading "Risk Factors" in Part II, Item 1A, and other filings we make with the Securities and Exchange Commission. Forward-looking statements speak only as of the date the statements are made and are based on information available to us at the time those statements are made and/or management's good faith belief as of that time with respect to future events. We assume no obligation to update forward-looking statements to reflect actual performance or results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. Accordingly, investors should not place undue reliance on any forward-looking statements.

In this report, "Accuray," the "Company," "we," "us," and "our" refer to Accuray Incorporated and its subsidiaries.

Overview

Company

We are a radiation therapy company that develops, manufactures, sells and supports treatment delivery, planning, imaging and data management solutions designed to help clinical teams deliver precise radiation treatments across a broad range of clinical cases. Our portfolio includes the CyberKnife robotic platform and a differentiated helical portfolio that includes the Accuray Stellar, Radixact, Accuray Helix and Tomo C Systems, where available. We believe these solutions provide clinicians with advanced capabilities to support accuracy, flexibility, motion management, image guidance, adaptive workflows and personalized treatment delivery.

Our solutions are designed to support clinical teams during individual treatments, across the treatment workflow and throughout the patient treatment journey, from curative to palliative care. Across our robotic and helical platforms, our solutions include:

- Radiation therapy systems with software-enabled motion management capabilities designed to support real-time adaptation of treatment delivery for targets that move during treatment.
- Treatment planning software that enables clinicians to use the differentiated capabilities of Accuray systems to create high-quality treatment plans and support precise, efficient treatment delivery across a broad range of clinical cases.
- ClearRT helical kVCT imaging technology, available on selected systems and configurations, designed to produce high-quality CT images efficiently, with imaging length capabilities of up to 135 cm on selected configurations, supporting broad anatomical visualization and adaptive treatment workflows.
- Automated tools designed to help clinicians identify anatomical changes during a course of treatment, evaluate whether re-planning may be clinically beneficial and adapt radiation dose to support treatment plan objectives.
- Software tools designed to support efficient retreatment planning by helping clinicians evaluate prior dose information, generate new treatment plans and assess cumulative dose for patients who have previously received radiation therapy.
- System architecture that accommodates third-party surface guidance interfaces to support patient positioning, monitor positioning accuracy during treatment and enable deep inspiration breath hold ("DIBH") workflows for selected cancer treatments.

Our CyberKnife platform and helical portfolio, including Accuray Stellar, Radixact, Accuray Helix and Tomo C Systems, where available, are designed to support advanced radiation treatments such as SRS, SBRT, IMRT, IGRT and adaptive radiation therapy. These platforms are designed to support precise treatment delivery while helping clinicians manage dose to healthy tissue and organs at risk. The CyberKnife platform is also used by neurosurgeons for radiosurgery treatments involving brain and spine tumors, as well as selected neurologic and endocrine disorders, where clinically appropriate. We also provide related services, including customer support, installation, training and other professional services.

Current Economic Conditions

We are subject to risks and uncertainties caused, directly or indirectly, by events with significant geopolitical and macroeconomic impacts, including, but not limited to, inflation; actions taken to counter inflation, including high interest rates; foreign currency exchange rate fluctuations; uncertainty and volatility in the banking and financial services sector; tightening credit markets; the conflicts in Iran, the Middle East and Southwest Asia, including the impact on global supply chains and oil prices, as well as other geopolitical concerns, such as the Russia-Ukraine conflict, and tension between China and the U.S., including with respect to Taiwan; uncertainty caused by the China anti-corruption campaign and timing of the China stimulus program; changes in government administration policy positions; new tariffs on global imports and uncertainties regarding impact, retaliations and further escalation, including against other countries; and other factors that may emerge. We are also continuing to navigate supply chain and inflation challenges, both of which continue to be a significant headwind that affects our results of operations.

We expect that the business of our customers and our own business will continue to be adversely impacted, directly or indirectly, by these macroeconomic and geopolitical issues. For example, we had product shipments planned in the second half of fiscal year 2026 to certain customers in the Middle East, North Africa and Pakistan that have been delayed indefinitely due to geopolitical disruption in the Middle East, which is also impacting our service revenue in those regions. We also continue to experience pressure in China. In addition, ongoing supply chain challenges and logistics costs, including difficulties in obtaining a sufficient supply of component materials and increased component costs, have adversely affected our gross margins and net income (loss), and we currently expect that gross margins and net income (loss) will continue to be adversely affected by increased material costs and freight and logistics expenses through at least fiscal year 2027, and potentially longer. In addition, we expect inflation and the ongoing supply chain challenges and logistics costs to impact our cash from operations through at least fiscal year 2027. In addition, reduced budgets and lower capital deployment priority for radiotherapy equipment, along with longer customer installation timelines, in the United States have negatively impacted our net revenue since fiscal year 2024, and we expect this will continue to affect us. The extent of the ongoing impact of these macroeconomic events on our business, our markets and on global economic activity, however, is uncertain and the related financial impact cannot be reasonably estimated with any certainty at this time.

As a global company, approximately 70% of our raw materials and product components are sourced within the U.S. and finished products are assembled and manufactured within the U.S. with over 80% exported throughout the world. There remains significant tariff uncertainty, including related to existing tariffs associated with U.S.-China trade, which we expect will continue to result in incremental costs to us. If existing tariffs increase, we would expect minimal shipments to China despite customer demand. We continue to work to implement mitigations to the tariff policy impacts; however, we cannot predict the full impact or timing of such efforts and expect that sales to China will be adversely impacted, and our financial results have been adversely impacted in the past and may continue to be adversely impacted in the future.

Our past results may not be indicative of our future performance, and historical trends including conversion of backlog to revenue, income (loss) from operations, net income (loss), net income (loss) per share and cash flows may differ materially. Accordingly, management is carefully evaluating our liquidity position, communicating with and monitoring the actions of our customers and suppliers, and reviewing our near-term financial performance as the uncertainty related to these factors continues to unfold. We also continue to evaluate our operating expenses to conserve cash in light of the uncertain macroeconomic environment due to tariffs, and to evaluate our real estate needs and continue to assess our operations and how and to what extent we will continue to utilize our current real estate assets. The risks related to our business, including further discussion of the impact and possible future impacts of current economic conditions on our business, are further described in the section titled “Risk Factors” in Part II, Item 1A of this Quarterly Report on Form 10-Q.

Sale of Our Products

Generating revenue from the sale of our platforms is a lengthy process. The time required to sell our platforms, from first contact with a potential customer to a signed sales contract that meets our backlog criteria (as discussed below) varies significantly and generally spans between six months and 30 months. The length of time between receipt of a signed contract and revenue recognition is generally governed by the time required by the customer to build, renovate or prepare the treatment room for installation of the platform. We report our customer revenues in five geographic regions: the Americas, EIMEA, Japan, China and Asia Pacific. The Americas region primarily includes the United States, Canada and Latin America. The EIMEA region includes Europe, India, the Middle East and Africa. The Asia Pacific region consists of Asia (excluding Japan and China), Australia and New Zealand.

In the United States, we primarily market directly to customers, including hospitals and stand-alone treatment facilities, through our sales organization; we also market to customers through sales agents and group purchasing organizations. Outside the United States, we market to customers directly and through use of distributors and sales agents. In addition to our offices in the United States, we have international offices in Morges, Switzerland; Hong Kong, China; Shanghai, China and Tokyo, Japan and direct sales staff in most countries in Western Europe, Japan, Korea, India and Canada. In addition, we have distributors in Europe, Russia, the Middle East, Africa, the Asia Pacific region, and Latin America.

Joint Venture

In January 2019, our wholly-owned subsidiary, Accuray Asia Limited (“Accuray Asia”), entered into an agreement with CNNC High Energy Equipment (Tianjin) Co., Ltd., a wholly-owned subsidiary of China Isotope & Radiation Corporation, to form a joint venture, CNNC Accuray (Tianjin) Medical Technology Co. Ltd. (the “JV”), to manufacture and sell radiation oncology systems in China. The JV aims to be uniquely positioned to serve China, which we believe is the world’s largest growth market for radiation oncology systems. China represents a significantly underserved market for linacs based on the country’s population and cancer incidence rates on both an absolute and relative country basis.

The JV sells our products in China, much like a distributor and also manufactures and sells a locally branded “Made in China” radiotherapy device, the Tomo C radiation therapy system, in the Class B license category. We believe this strategy will allow us to best maximize both near and longer-term opportunities in China. In September 2023, we received approval for our Class B device from the National Medical Products Administration (“NMPA”) and our Accuray Precision Treatment Planning System for the Class B device was approved by the NMPA in June 2024. The JV also distributes other Accuray treatment delivery systems like the Radixact and CyberKnife treatment delivery systems, including the Radixact SynC and CyberKnife S7 Systems, which received NMPA approval in January 2025.

There remains significant tariff uncertainty, including related to existing tariffs associated with U.S.-China trade, which we expect will continue to result in incremental costs to us. We continue to work to implement mitigations to the tariff policy impacts; however, we cannot predict the full impact or timing of such efforts and expect that sales to China will be adversely impacted, and our financial results are expected to be adversely impacted through fiscal year 2027.

Financing Transaction

On July 29, 2026, we entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with certain existing investors pursuant to which the investors agreed to purchase an aggregate of 55,000 shares of Series A Convertible Preferred Stock for an aggregate purchase price of $55.0 million. The purchase price is payable as (i) $15.0 million in cash (the “Cash Investment”), which was funded on the date the parties entered into the Securities Purchase Agreement, and (ii) the conversion of $40.0 million of existing indebtedness held by such investors under the Financing Agreement (as defined below), with such indebtedness to be cancelled and extinguished in exchange for shares of Series A Convertible Preferred Stock at the closing of the Securities Purchase Agreement.

Concurrently with entering into the Securities Purchase Agreement, we entered into Amendment No. 3 to the Financing Agreement (the “Third Amendment”). The Third Amendment amended the Financing Agreement to, among other things, (i) provide a covenant holiday with respect to certain financial covenants through December 31, 2027, (ii) modify the terms of the minimum liquidity requirement, (iii) increase certain fees applicable to prepayments, (iv) provide that if the Securities Purchase Agreement is terminated, the Cash Investment is deemed to be a secured obligation under the Amended Financing Agreement and subject to repayment, together with a $15.0 million fee, upon repayment or satisfaction of the obligations (or earlier acceleration thereof), (v) provide for an additional $5.0 million delayed draw term loan commitment, subject to specified conditions, and (vi) convert the revolving credit facility into an asset-based revolving credit facility. The Third Amendment also converted $15.0 million of outstanding term loans into borrowings under the asset-based revolving credit facility.

The issuance of the Series A Convertible Preferred Stock is subject to certain closing conditions, including stockholder approval, which was obtained on October 6, 2026 as described below, and the implementation of a reverse stock split of the Company’s common stock, at a ratio ranging from any whole number between 1-for-15 and 1-for-40 (the “Reverse Stock Split”), or such other ratio as may be approved by the Board, including at least one Preferred Director (as defined below). Upon closing of the Securities Purchase Agreement, certain outstanding Warrants held by the investors party to the Securities Purchase Agreement to purchase approximately 27.6 million shares of common stock will be cancelled. In connection with entering into the Securities Purchase Agreement and the Third Amendment to the Financing Agreement, the Company issued to the investors under the Securities Purchase Agreement warrants to purchase up to an aggregate of approximately 15.3 million shares of common stock, at an exercise price of $0.01 per share of common stock (the “July 2026 Penny Warrants”). Such warrants are exercisable for a period of 7 years after the date of issuance.

On October 6, 2026, our stockholders approved the proposals required to consummate the transactions contemplated by the Securities Purchase Agreement, including the issuance of Series A Convertible Preferred Stock thereunder, the increase in the number of authorized shares of common stock and the reverse stock split contemplated in connection with the transaction, with the related actions to become effective at closing.

We intend to implement the Reverse Stock Split to increase the per-share trading price of our common stock and assist us in regaining compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market.

Upon satisfaction of the remaining closing conditions, we expect to complete the transactions contemplated by the Securities Purchase Agreement dated July 29, 2026. At closing, we will issue 55,000 shares of Series A Convertible Preferred Stock for aggregate consideration of $55.0 million, consisting of the $15.0 million cash investment previously received on July 29, 2026 and the cancellation and extinguishment of $40.0 million of indebtedness under the Financing Agreement.

Concurrently with the closing, the previously issued Premium Warrants to purchase 21.5 million shares of common stock and Super Premium Warrants to purchase 6.1 million shares of common stock will be cancelled and extinguished. Previously issued Penny Warrants to purchase 25.0 million shares of common stock will remain outstanding.

Transformation Plan and Restructuring

In fiscal year 2026, the Company announced a comprehensive strategic, operational, and organizational transformation plan (the “Transformation Plan”). The Transformation Plan initiatives are designed to increase operating margins, enhance organizational responsiveness and agility, and position the Company for sustainable, profitable growth. In connection with the Transformation Plan, in December 2025, the Company announced the first phase of the Transformation Plan, which is designed to realign its organization to produce sharper accountability, tighter cost control, and faster execution. The actions taken by the Company are intended to right-size the Company’s cost structure, outsource selected non-core activities while building internal global centers of excellence, reallocate engineering resources, and better position the commercial organization to drive sales growth and enhance competitiveness. The organizational realignment element of the plan focuses on four major areas: streamlining the Company’s commercial structure, centralizing and globalizing core functions, elevating the global heads of service and product development to report directly to the CEO, and optimizing the Company's workforce and footprint. In parallel, the Company is also outsourcing selected non-core activities, rationalizing facilities, implementing programs to improve direct and indirect spend efficiency, and reallocating engineering resources to focus on high ROI programs and integration of third-party solutions.

The actions also included a restructuring of the Company’s workforce (the “FY26 Restructuring Plan”) that resulted in the elimination of approximately 3% of the global workforce during the three months ended September 30, 2025, and the elimination of approximately 15% of the global workforce during the three months ended December 31, 2025. Certain employees notified during the three months ended December 31, 2025, had various termination dates during the quarterly periods ended March 31, 2026, and June 30, 2026. Restructuring charges also include third-party implementation and other costs that were directly tied to the execution of the FY26 Restructuring Plan, as well as asset impairments for certain operating lease right-of-use assets and capitalized assets as a result of the FY26 Restructuring Plan. Total restructuring charges during fiscal year 2026 were $16.2 million. Total restructuring charges during the three months ended September 30, 2026, were $0.4 million. The FY26 Restructuring Plan was substantially completed by September 30, 2026.

Backlog

In order for the product portion of a system sales agreement to be included in backlog, it must meet the following criteria:

- The contract is properly executed by both the customer and us. A customer purchase order that incorporates the terms of our contract quote will be considered equivalent to a signed and executed contract. The contract has either cleared all its contingencies or contained no contingencies when signed;
- We have received a minimum deposit or a letter of credit; or the sale is to a customer where a deposit is deemed not necessary or customary (i.e., sale to a government entity, a large hospital, group of hospitals or cancer care group that has sufficient credit, customers with trade-in of existing equipment, sales via tender awards, or indirect channel sales that have signed contracts with end-customers);
- The specific end-customer site has been identified by the customer in the written contract or written amendment; and
- Less than 30 months have passed since the contract met all the criteria above.

Our backlog includes contractual agreements with our customers for the purchase of our CyberKnife or TomoTherapy platforms, including the Radixact Systems and related upgrades. The amount of backlog recognized into revenue is primarily impacted by three items: cancellations, age-outs and age-ins, and foreign currency fluctuations. We cannot provide assurance that we will convert backlog into recognized revenue, primarily due to factors outside of our control, such as:

- Orders could be cancelled for reasons such as, changes in customers' priorities or financial condition, changes in government or health insurance reimbursement policies, or changes to regulatory requirements. Cancellations are outside of our control and are difficult to forecast; however, we continue to work closely with our customers to minimize the impact of cancellations on our business;
- Orders are considered aged-out and removed from reported backlog if we have not been able to recognize revenue on an agreement after 30 months. Agreements may age-out for many reasons, including but not limited to, the inability of the customer to pay, the inability of the customer to adapt their facilities to accommodate our products in a timely manner, or the inability to timely obtain licenses necessary for customer facilities or operation of our equipment. Age-ins represent orders that previously aged-out but have been recognized as revenue in the current period; and
- Orders include amounts not denominated in U.S. Dollars and therefore, fluctuations in the U.S. Dollar as compared to other currencies will impact revenue. Generally, the strengthening of the U.S. Dollar will negatively impact revenue. Backlog is stated at historical foreign currency exchange rates, and revenue is released from backlog at current exchange rates, with any difference recorded as a backlog adjustment.

A summary of gross orders, net orders, and order backlog is as follows (in thousands):

	Three Months Ended September 30,	
	2026	2025
Gross orders	$ 19,846	$ 39,570
Age-ins	8,103	—
Age-outs	(33,890)	(30,047)
Cancellations	(4,775)	(2,480)
System amendments and other adjustments	(1,508)	—
Currency impacts and other	(1,011)	(1,128)
Net orders	$ (13,235)	$ 5,915
Order backlog at the end of the period	$ 271,970	$ 395,726

Gross Orders and Book to Bill Ratio

Gross orders are defined as the sum of new orders recorded during the period, adjusted for any revisions to existing orders during the period.

Gross orders decreased by $19.7 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to a decrease in orders for our TomoTherapy Systems.

Our book-to-bill ratio is defined as gross orders for the period divided by product revenue for the period. Our book-to-bill ratio was 0.7 for the three months ended September 30, 2026, as compared to 1.1 for the three months ended September 30, 2025. A book-to-bill ratio greater than 1.2 generally indicates strong demand for our products. This metric allows management to monitor our business development efforts to ensure we grow our backlog and our business over time. Given that book-to-bill ratio is an operational measure and that our methodology for calculating book-to-bill ratio does not meet the definition of a non-GAAP measure, as that term is defined by the Securities and Exchange Commission, a quantitative reconciliation for book-to-bill ratio is not required nor provided.

Net Orders

Net orders are defined as gross orders less cancellations, age-outs net of age-ins, foreign currency impacts and other adjustments during the period. Net orders decreased by $19.2 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to a decrease in gross orders.

Results of Operations — Three Months Ended September 30, 2026 and 2025

Net revenue

Net revenue by sales classification is as follows:

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Products [(a)]	$ 27,344	$ 37,161	(26)%
Services [(b)]	59,179	56,781	4%
Net revenue	$ 86,523	$ 93,942	(8)%
Products revenue as a percentage of net revenue	32%	40%	
Service revenue as a percentage of net revenue	68%	60%	

(a) Includes sales of products to the joint venture, an equity method investment, of $7.2 million and $8.8 million during the three months ended September 30, 2026 and 2025, respectively. See Note 12.

(b) Includes sales of services to the joint venture, an equity method investment, of $6.3 million and $5.5 million during the three months ended September 30, 2026 and 2025, respectively. See Note 12.

Products net revenue decreased by $9.8 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to a lower volume of units, predominantly within the Americas and China.

Services net revenue increased by $2.4 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to higher contract revenues resulting from both an increase in our installed base and higher contract renewal rates driven by ongoing pricing initiatives.

Net revenue by geographic region, based on the shipping location of our customers, is as follows:

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Americas	$ 15,713	$ 24,926	(37)%
EIMEA	37,230	34,272	9%
China	13,462	15,229	(12)%
Japan	9,146	9,308	(2)%
Asia Pacific	10,972	10,207	7%
Net revenue	$ 86,523	$ 93,942	(8)%

Net revenue decreased $7.4 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year. The decrease in net revenue was product driven, reflecting reduced system shipment volume in our Americas and China regions, partially offset by higher service net revenues.

Gross Profit

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Gross profit	$ 26,084	$ 27,011	(3)%
Total gross profit as a percentage of net revenue	30.1%	28.8%	

Gross profit decreased by $0.9 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to a decrease in product unit sales. The increase in gross profit as a percentage of revenue during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, was driven by a shift in revenue mix towards higher-margin service revenue.

Operating Expenses

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Research and development	$ 7,811	$ 11,218	(30)%
Selling and marketing	8,681	11,699	(26)%
General and administrative	10,319	12,596	(18)%
Restructuring	383	2,811	(86)%
Goodwill impairment	35,392	—	—
Total operating expenses	$ 62,586	$ 38,324	63%
Research and development as a percentage of net revenue	*9%*	*12%*	
Selling and marketing as a percentage of net revenue	*10%*	*12%*	
General and administrative as a percentage of net revenue	*12%*	*13%*	
Restructuring as a percentage of net revenue	*0%*	*3%*	
Goodwill impairment as a percentage of net revenue	*41%*	—	
Total operating expenses as a percentage of net revenue	*72%*	*41%*	

Research and development expenses, selling and marketing expenses, and general and administrative expenses decreased by $3.4 million, $3.0 million, and $2.3 million, respectively, during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to lower personnel-related costs, including share-based compensation, resulting from headcount reductions under the execution of the FY26 Restructuring Plan.

Restructuring charges

The following table summarizes the restructuring charges (in thousands):

	Three Months Ended September 30,	
	2026	2025
Severance and employee related costs	$ 261	$ 1,511
Third-party implementation and other costs	122	1,300
Total restructuring charges	$ 383	$ 2,811

Goodwill Impairment

During the three months ended September 30, 2026, we recorded a non-cash goodwill impairment charge of $35.4 million, primarily due to an increase in the carrying amount of our reporting unit resulting from the gain on extinguishment of debt recognized in connection with the Recapitalization Transaction, without a corresponding increase in its estimated fair value. We estimated the fair value of our reporting unit using a combination of the income and market approaches, consistent with the methodologies used in prior periods. Following the impairment charge, the carrying amount of goodwill was $22.5 million as of September 30, 2026. Future decreases in the estimated fair value of our reporting unit or increases in its carrying amount could result in additional goodwill impairment charges.

Income from equity method investment, net

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Income from equity method investment, net	$ 114	$ 439	(74)%

Income from equity method investment, which relates to our JV, decreased by $0.3 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to a decrease in JV gross profit due to fewer shipments from our JV to its end customers.

Interest expense

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Contractual interest coupon	$ 3,838	$ 3,555	8%
Interest paid-in-kind	2,798	2,308	21%
Amortization of debt financing costs and discount for warrants issued to lenders	4,731	1,905	148%
Other	461	284	62%
Total interest expense	$ 11,828	$ 8,052	47%

Interest expense increased $3.8 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to higher paid-in-kind interest and higher debt issuance costs as a result of amendment financing costs and additional amortization costs related to the issuance of warrants.

Gain on Extinguishment of Debt

Gain on extinguishment of debt was $59.6 million during the three months ended September 30, 2026, resulting from the Recapitalization Transaction, which added a substantive contingent conversion feature to Term Loan B and the outstanding Delayed Draw Term Loan. The gain reflected the derecognition of unamortized debt discounts and debt offering costs and unamortized debt discounts attributable to previously issued warrants; the initial recognition of the replacement Convertible Term Loan B Facility and outstanding borrowings under the Convertible Delayed Draw Facility at their July 29, 2026 fair values; and the accounting effects of the related warrant amendments providing for cancellation upon closing.

Loss from change in fair value of warrant liability

Our Penny Warrants are accounted for as a liability with the changes in the fair value of the warrants recognized in the statement of operations and comprehensive income (loss). During the three months ended September 30, 2026, we recorded a loss of $0.7 million due to an increase in the share price of our common stock during the period.

Other income (expense), net

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Interest income	$ 131	$ 272	(52)%
Foreign currency exchange gain (loss)	196	(195)	201%
Costs for hedging activities	(442)	(336)	32%
Other, net	181	(148)	222%
Total other income (expense), net	$ 66	$ (407)	116%

Other income (expense), net increased by $0.5 million during the three months ended September 30, 2026, as compared to the same period in the prior fiscal year, primarily due to favorable foreign currency transactions resulting from our cash flow hedging activities.

Provision for income taxes

	Three Months Ended September 30,		
(Dollars in thousands)	**2026**	**2025**	**Percent Change**
Provision for income taxes	$ 517	$ 471	10%

On a quarterly basis, we provide for income taxes based upon an estimated annual effective income tax rate. The provision for income taxes is primarily related to foreign income taxes.

Liquidity and Capital Resources

At September 30, 2026, we had $42.3 million in cash and cash equivalents. Cash from operations could be affected by various risks and uncertainties, including declines in our revenue, particularly without a corresponding decrease in our expenses, the timing of payments from our customers and our expenditures, as well as, but not limited to, macroeconomic conditions, inflation, actions taken to counter inflation, foreign currency exchange rate fluctuations, and the risks included in Part II, Item 1A titled “Risk Factors.” In particular, we expect inflation and the ongoing supply chain challenges and logistics costs to impact our cash from operations through at least fiscal year 2027. In addition, reduced budgets and lower capital deployment priority for radiotherapy equipment, along with longer customer installation timelines, in the United States have negatively impacted our net revenue since fiscal year 2024, and we expect this will continue to affect us. Based on our cash and cash equivalents balance, available debt facilities, current business plan and revenue prospects, we believe we will have sufficient cash resources and anticipated cash flows to fund our operations for at least the next 12 months. However, we continue to critically review our liquidity and anticipated capital requirements in light of the significant uncertainty created by macroeconomic conditions.

Our liquidity and cash flows have been and could continue to be materially impacted by factors other than our cash from operations and factors that are not in our control, such as current macroeconomic factors, including facility closures, supply chain disruptions, inflation, foreign currency exchange rate fluctuations, increased volatility in the financial markets, uncertainty caused by the China anti-corruption campaign and timing of the China stimulus program, changes in government administration policy positions, recent executive orders to impose new tariffs on global imports and uncertainties regarding impact, retaliations and further escalation, including against other countries, and tightening of credit markets which could impact debt availability. These factors have and could continue to negatively impact our business operations and cash flows for the foreseeable future, including reductions in revenue, decreases in gross margin and delays in payments from customers, as well as declines or delays in the conversion of backlog to revenue. Certain of our revenue may not be collectible to the extent our customers suffer financial difficulty. There remain uncertainties as to how the current macroeconomic environment will impact our business, results of operations, access to sources of liquidity and financial condition in the future. As a result, we are unable to predict with certainty the impact of these factors on our ability to maintain compliance with the financial covenants contained in the Financing Agreement (as defined below).

On June 6, 2025, we entered into a senior secured credit agreement (the “Financing Agreement”) by and among the Company, as borrower (the “Borrower”), TCW Asset Management Company LLC (“TCW”), as collateral agent for the lenders (in such capacity, together with its successors and assigns in such capacity, the “Collateral Agent”) and as administrative agent for the lenders (in such capacity, together with its successors and assigns in such capacity, the “Administrative Agent,” and together with the Collateral Agent, each an “Agent” and collectively, the “Agents”), and certain other parties signatory thereto. The Financing Agreement provides for (a) $150 million of new five-year term loan facility (the “Term Loan Facility”), (b) a new $20 million delayed draw term loan facility (the “Delayed Draw Facility”) and (c) a new $20 million revolving credit facility (the “Revolving Credit Facility” and, together with the Term Loan Facility and Delayed Draw Facility, the “Facilities”). The proceeds of the Delayed Draw Facility were permitted to be used to fund repurchases of our then-outstanding 3.75% Convertible Senior Notes due 2026 (“2026 Notes”). The Facilities mature on June 6, 2030. In December 2025, we entered into amendments to the Financing Agreement. The first amendment to the Financing Agreement (the "First Amendment") provided for the inclusion of certain restricted cash balances in the liquidity covenant in the Financing Agreement. The second amendment to the Financing Agreement (the "Second Amendment") provided for (i) the removal of the leverage condition we must meet to draw down on the Delayed Draw Facility; (ii) the reduction of the capacity of the Delayed Draw Facility to $18.3 million; and (iii) the delay of the commencement of the requirement for us to meet the fixed charge coverage ratio and leverage ratio to December 31, 2026. In addition, we agreed to pay $2.4 million in additional fees and amounts available to be drawn under the Revolving Credit Facility were reduced to $15.0 million through December 31, 2026.

On June 6, 2025, concurrently with our entry into the Financing Agreement, we issued detachable warrants to purchase our common stock to certain of our lenders (the “Warrant Holders”) under the Financing Agreement. The Warrant Holders were issued warrants to purchase (i) 17,180,710 shares of common stock with an exercise price of $1.68 per share, exercisable on and after December 7, 2025 and expiring on June 6, 2032 (the “June 2025 Premium Warrants”) and (ii) 6,247,531 shares of common stock with an exercise price of $0.01 per share, which are exercisable immediately and expire June 6, 2032 (the “June 2025 Penny Warrants” and together with the June 2025 Premium Warrants, the “June 2025 Warrants”). On December 15, 2025, concurrently with our entry into the Second Amendment, we issued detachable warrants to purchase our common stock to the Warrant Holders under the Financing Agreement. The Warrant Holders were issued warrants to purchase (i) 3,062,726 shares of common stock with an exercise price of $1.50 per share, exercisable on and after June 16, 2026 and expiring on December 15, 2032 (the “December 2025 Super Premium Warrants”), (ii) 2,187,661 shares of common stock with an exercise price of $1.25 per share, exercisable on and after June 16, 2026 and expiring on December 15, 2032 (the “December 2025 Premium Warrants”), and (iii) 1,750,129 shares of common stock with an exercise price of $0.01 per share, which are exercisable immediately and expire on December 15, 2032 (the “December 2025 Penny Warrants” and together with the December 2025 Premium Warrants and December 2025 Super Premium Warrants, the "December 2025 Warrants"). Pursuant to the terms of the Financing Agreement, as amended, we were obligated to issue additional detachable warrants to the Warrant Holders upon drawing on the Delayed Draw Facility, which we did in May 2026, as described below. As of September 30, 2026, no warrants have been exercised.

On May 18, 2026, in connection with drawing upon the Delayed Draw Facility, we issued detachable warrants to purchase our common stock to the Warrant Holders, which comprised of warrants to purchase (i) 2,990,010 shares of common stock with an exercise price of $1.50 per share, exercisable on and after November 19, 2026 and expiring on May 18, 2033 (the “May 2026 Super Premium Warrants”), (ii) 2,135,721 shares of common stock with an exercise price of $1.25 per share, exercisable on and after November 19, 2026 and expiring on May 18, 2033 (the “May 2026 Premium Warrants”), and (iii) 1,708,577 shares of common stock with an exercise price of $0.01 per share, which are exercisable immediately and expire on May 18, 2033 (the “May 2026 Penny Warrants” and together with the May 2026 Super Premium Warrants, the May 2026 Premium Warrants, the June 2025 Warrants and the December 2025 Warrants, the “Warrants”).

On July 29, 2026, we entered into the Third Amendment, by and among the Company, the guarantors party thereto, the lenders party thereto and the other signatories party thereto, which provided for, among other things, the issuance of the July 2026 Penny Warrants to purchase up to 15,253,473 shares of common stock at an exercise price of $0.01 per share and converting the revolving credit facility to an asset-based revolving credit facility. Concurrently, we entered into the Securities Purchase Agreement, by and among the Company and certain existing investors party thereto, pursuant to which, subject to the satisfaction of certain closing conditions, the investors agreed to purchase an aggregate of 55,000 shares of Series A Convertible Preferred Stock for an aggregate purchase price of $55.0 million. The purchase price is payable as (i) $15.0 million in cash, which was funded on the date the parties entered into the Securities Purchase Agreement, and (ii) the conversion of $40.0 million of existing indebtedness held by such investors under the Financing Agreement, with such indebtedness to be cancelled and extinguished in exchange for shares of Series A Convertible Preferred Stock at the closing of the Securities Purchase Agreement. On October 6, 2026, the Company's stockholders approved the proposals required to consummate the transactions contemplated by the Securities Purchase Agreement, including approvals related to the issuance of Series A Convertible Preferred Stock thereunder, the increase in the number of authorized shares of common stock and the reverse stock split contemplated in connection with the transaction. We believe these actions, including if the transactions contemplated by the Securities Purchase Agreement are consummated, improve our ability to satisfy our anticipated operating and debt service obligations over the next twelve months; however, uncertainties related to macroeconomic conditions, operating performance, future borrowing availability and the satisfaction of remaining transaction closing conditions continue to present risks to our business and liquidity. See Note 1, The Company and its Significant Accounting Policies – Risks and Uncertainties and Note 8, Debt, for additional information.

The aforementioned Warrants and the July 2026 Penny Warrants have certain anti-dilution protection provisions, including price protection anti-dilution protection in the event that we sell stock at a price below $1.00 in the case of the June 2025 Penny Warrants, the December 2025 Penny Warrants, the May 2026 Penny Warrants, and the July 2026 Penny Warrants; $1.25 in the case of the June 2025 Premium Warrants, $0.93 per share in the case of the December 2025 Premium Warrants and the May 2026 Premium Warrants; and $1.12 in the case of the December 2025 Super Premium Warrants and the May 2026 Super Premium Warrants. We agreed to issue the Warrants in connection with, and to induce the lenders to enter into, the Financing Agreement and amendments thereto, and issued the July 2026 Penny Warrants in connection with the Securities Purchase Agreement and the Third Amendment.

Interest on the borrowings under the Facilities is payable in arrears on the applicable interest payment date at an interest rate equal to, at the Company's option, either: (i) a term SOFR-based rate (subject to a 2.00% per annum floor), plus an applicable margin of 8.50%, per annum or (ii) a reference rate (subject to a 3.00% per annum floor), plus an applicable margin of 7.50% per annum. The agreement provides the option for payment-in-kind ("PIK") interest up to 6.00% per annum (subject to an increase in applicable margin of 1/3 of 1.00% per annum for each 1.00% per annum of interest elected to be paid in kind), which PIK interest will be capitalized on the applicable interest payment date and will be added to the then-outstanding principal amount of the Term Loan Facility or Delayed Draw Facility, as applicable. The Financing Agreement requires the Borrower to pay the lenders with commitments under the Revolving Credit Facility an unused commitment fee equal to 0.50% per annum of the average unused portion of the Revolving Credit Facility. See Note 8. Commitments and Contingencies of our Annual Report on Form 10-K filed with the SEC on August 27, 2026, for future cash payments related to the Term Loan Facility.

Additionally, the undistributed earnings of our foreign subsidiaries as of September 30, 2026, for all countries except Japan, France, Switzerland, Germany and the United Kingdom are considered to be indefinitely reinvested and unavailable for distribution in the form of dividends or otherwise. Future repatriation of our foreign earnings could be subject to income taxes. As of September 30, 2026, we had $10.2 million of cash and cash equivalents at our foreign subsidiaries. If such funds were repatriated, there may be additional foreign tax withholdings imposed depending on the country from which the funds were repatriated.

Our cash flows for the three months ended September 30, 2026 and 2025 are summarized as follows (in thousands):

	Three Months Ended September 30,	
	2026	**2025**
Net cash (used in) provided by operating activities	$ (3,812)	$ 12,180
Net cash used in investing activities	(5,004)	(3,824)
Net cash provided by (used in) financing activities	10,317	(475)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	116	(87)
Net increase in cash, cash equivalents and restricted cash	$ 1,617	$ 7,794

Cash Flows Used in Operating Activities

Net cash used in operating activities during the three months ended September 30, 2026 was $3.8 million due to net income of $10.1 million, more than offset by $12.4 million from non-cash items and $1.5 million from the net changes of assets and liabilities.

- Non-cash items primarily consisted of $4.7 million for the amortization of debt financing costs and the discount for warrants, $2.8 million for non-cash paid-in-kind interest expense, $2.0 million of depreciation and amortization expense, $1.1 million of share-based compensation expense and a $35.4 million goodwill impairment charge, more than offset by a $59.6 million gain on extinguishment of debt in connection with the Recapitalization Transaction.

- The major contributors to cash from the net changes of assets and liabilities during the three months ended September 30, 2026 were as follows: a decrease of $17.9 million in accounts receivable due to increased collections and lower product sales volume and a $2.4 million decrease in inventory, partially offset by an $8.8 million decrease in accounts payable, a $7.3 million decrease in deferred revenues, and a $6.8 million decrease in accrued compensation and accrued liabilities.

Cash Flows Used in Investing Activities

Net cash used in investing activities was $5.0 million during the three months ended September 30, 2026, due to spending $4.9 million for capitalized investments for software to be sold, and $0.1 million for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $10.3 million during the three months ended September 30, 2026, primarily due to the $15.0 million in proceeds from the investor deposit obligation, partially offset by $3.8 million in repayments under the IEEPA participation agreement and $0.8 million of debt issuance costs.

Operating Capital and Capital Expenditure Requirements

Our future capital requirements depend on numerous factors. These factors include but are not limited to the following:

- Revenue generated by sales of our products and service plans;
- Our ability to generate cash flows from operations;
- Costs associated with our sales and marketing initiatives and manufacturing activities;
- Facilities, equipment and IT systems required to support current and future operations;
- Rate of progress and cost of our research and development activities;
- Costs of obtaining and maintaining FDA and other regulatory clearances of our products;
- Effects of competing technological and market developments;
- Number and timing of acquisitions and other strategic transactions;
- Our ability to refinance our current indebtedness in a timely manner, and servicing and maturity of our current and future indebtedness, including interest rates;
- The implementation of our cost savings initiatives, including the reduction of our workforce;
- The impact of inflation on our expenses; and
- The impact of the macroeconomic environment, including on collections, supply chain, and logistics.

While we believe that based on our cash and cash equivalents balance, available debt facilities, current business plan and revenue prospects, we will have sufficient cash resources and anticipated cash flows to meet our anticipated cash needs for at least the next twelve months, the timing and amount of our working capital and capital expenditure requirements may vary significantly depending on numerous factors, including the risk factors described in Part II, Item 1A, "Risk Factors." If these sources of cash and cash equivalents are insufficient to satisfy our liquidity requirements, or we believe market conditions are favorable, we may seek to sell additional equity or debt securities or enter into additional credit facilities. The sale of additional equity or convertible debt securities could result in dilution to our stockholders. If additional funds are raised through the issuance of debt securities, these securities could have rights senior to those associated with our common stock and could contain covenants that would restrict our operations. Additional financing may not be available at all, or in amounts or on terms acceptable to us. If we are unable to obtain this additional financing, we may be required to reduce the scope of our planned product development and marketing efforts.

Contractual Obligations and Commitments

We presented our contractual obligations in our Annual Report on Form 10-K for the fiscal year ended June 30, 2026. Our contractual obligations consist of debt, operating leases, purchase commitments, and other contractual obligations. There have been no material changes to these obligations outside the ordinary course of business during the three months ended September 30, 2026 as compared to the contractual obligations disclosed in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K for the year ended June 30, 2026.

Inflation

In recent years, we experienced rising costs for certain materials, including increased logistics and duties costs that adversely affected our gross margins and net income (loss), and had a material effect on our business, financial condition and results of operations. Gross margins and net income (loss) may continue to be adversely affected by increased material costs and freight and logistics expenses through at least fiscal year 2027, and potentially longer, as we are unable to pass all of these increased costs to our customers. In addition, we expect inflation and the ongoing supply chain challenges and logistics costs to impact our cash from operations through at least fiscal year 2027. Continued pressure from inflationary factors, such as further increases in the cost of materials for our products, cost of labor, interest rates, overhead costs, logistics and duties costs could further exacerbate these effects and harm our business, operating results, and financial condition.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as revenue and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities. The economic uncertainty in the current environment however, could limit our ability to accurately make and evaluate our estimates and judgments. Actual results could therefore differ materially from those estimates if actual conditions differ from our assumptions.

During the three months ended September 30, 2026, there were no material changes to the critical accounting policies and estimates, previously disclosed in Part II, Item 7, of our Annual Report on Form 10-K filed with the SEC on August 27, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We do not utilize derivative commodity instruments or other market risk sensitive instruments, positions or transactions, but we may in the future. However, we do use foreign currency forward contracts to hedge our exposure to foreign exchange risk. See Note 5, "*Derivative Financial Instruments,*" to the condensed consolidated financial statements for a description of our hedging program and the notional amounts and fair values of our derivative instruments outstanding as of September 30, 2026.

Concentration of Credit and Other Risks

Our cash and cash equivalents are deposited with several major financial institutions. At times, deposits in these institutions exceed the amount of insurance provided on such deposits. We have not experienced any losses in such accounts and do not believe that we are exposed to any significant risk of loss on these balances.

The JV represented approximately 16% and 15% of our total net revenue during the three months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, and June 30, 2026, the JV represented approximately 14% and 17% of our total accounts receivable balance, respectively. We had no other customers who represented more than 10% of our total net revenues and total accounts receivable, as of such dates.

We perform ongoing credit evaluations of our customers and maintain reserves for potential credit losses. Accounts receivable are deemed past due in accordance with the contractual terms of the agreement. Accounts receivable balances are charged against the allowance for credit losses once collection efforts are unsuccessful. Single-source suppliers presently provide us with several components. In most cases, if a supplier was unable to deliver these components, we believe that we would be able to find other sources for these components subject to any regulatory qualifications, if required.

Foreign Currency Exchange Rate Risk

A majority of our sales are denominated in foreign currencies, most notably the Swiss Franc, Euro and the Japanese Yen. Future fluctuations in the value of the U.S. Dollar may affect the price competitiveness of our products outside the United States. For direct sales outside the United States, we sell in both U.S. Dollars and local currencies, which exposes us to additional foreign currency risks, including changes in currency exchange rates. Our operating expenses in countries outside the United States are mostly payable in local currencies and therefore, expose us to currency risk.

We expect the changes in the fair value of the net foreign currency assets arising from fluctuations in foreign currency exchange rates to be partially offset by the changes in the fair value of the forward contracts. We have developed a foreign exchange risk management policy to mitigate foreign currency exchange rate fluctuation risk and as of September 30, 2026, we have entered into foreign currency forward contracts to purchase or sell foreign currencies. Changes in fair value of the foreign currency forward contracts are reported in earnings as part of other income (expense), net. We have not entered into any other types of derivative financial instruments for trading or speculative purposes. (See Note 5. *Derivative Financial Instruments* to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information about our foreign currency forward contracts).

Interest Rate Risk

Our debt obligations consist of a variety of financial instruments that expose us to interest rate risk, including, but not limited to, the Financing Agreement. The interest rates on the Term Loan Facility, the Delayed Draw Facility, and the Asset-Based Revolving Credit Facility are tied to a variable rate. As of September 30, 2026, the net carrying values of borrowings under the Financing Agreement for the Term Loan A Facility, Convertible Term Loan B Facility, the Convertible Delayed Draw Facility and the Asset-Based Revolving Credit Facility were $13.6 million, $59.0 million, $8.6 million, and $20.5 million, respectively. The interest on the borrowings under the Financing Agreement is payable at the Company's option, either: (i) a term SOFR-based rate (subject to a 2.00% *per annum* floor), plus an applicable margin of 8.50%, per annum or (ii) a reference rate (subject to a 3.00% *per annum* floor), plus an applicable margin of 7.50% per annum. If the amount outstanding under the Financing Agreement remained at this level for the next 12 months and interest rates increased or decreased by a 50 basis point change, our annual interest expense would increase or decrease, respectively, approximately $0.8 million. See Note 8. *Debt* to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a discussion regarding our debt obligation.

Equity Price Risk

As of September 30, 2026, we remain exposed to potential dilution from outstanding warrants issued in connection with the Financing Agreement and amendments thereto, including the Third Amendment and the Securities Purchase Agreement. In addition, the transactions contemplated by the Securities Purchase Agreement include the issuance of Series A Convertible Preferred Stock and related warrants, which would result in the issuance of additional shares of common stock upon conversion or exercise, as applicable. See Note 8, *Debt*, and Note 15, *Subsequent Events*, for additional information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of September 30, 2026. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2026, our disclosure controls and procedures, as defined in Rule 13a-15(e), were effective at a reasonable assurance level in ensuring (i) that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Remediated Previously Disclosed Material Weakness

As disclosed in Item 9A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2026, a material weakness was identified related to the review of the footnote schedules supporting financial statement disclosures. To remediate this material weakness, management designed and implemented enhanced review controls specific to financial statement footnote disclosure. These enhancements were intended to ensure greater precision in preparing and reviewing financial statement disclosures, including additional reviewer involvement in the review of the footnote schedules supporting the financial statement disclosures. As of September 30, 2026, these control activities have been appropriately designed and implemented and have operated effectively for a sufficient period of time to conclude that the previously identified material weakness has been remediated.

Changes in Internal Control over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated any changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2026, and has concluded that, other than the remediation of the material weakness activities as described above under "Remediated Previously Disclosed Material Weakness," there were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Control Over Financial Reporting

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. These inherent limitations, however, are known features of the financial reporting process; therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and in reaching a reasonable level of assurance, management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in Note 7. *Commitments and Contingencies—Litigation*, to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q is incorporated herein by reference.

Item 1A. RISK FACTORS

Risk Factors Summary

Our business is subject to numerous risks and uncertainties, including those highlighted in Part II, Item 1A titled "Risk Factors." These risks include, but are not limited to, the following:

Risks related to our business and results of operations

- We face risks related to the current global economic environment, which could adversely affect our business, financial condition and results of operations.
- If our products do not achieve widespread market acceptance, we will not be able to generate the revenue necessary to support our business.
- Our ability to achieve profitability depends in part on maintaining or increasing our gross margins on product sales and services, which we may not be able to achieve.
- We have substantial indebtedness and may incur other debt in the future, which may adversely affect our financial condition and future financial results. In the past, we have not been in compliance with certain financial covenants relating to our indebtedness and have been required to obtain waivers or amend existing agreements governing our indebtedness to avoid defaulting under such indebtedness.
- Uncertainty or volatility in trade policy as well as enhanced international tariffs, including tariffs imposed by the United States and China that affect our products or components within our products, other trade barriers or a global trade war could decrease the volume of product sales in China and increase our costs and materially and adversely affect our business, financial condition and results of operations.
- Our operating results, including our cash flows, quarterly orders, revenues and margins fluctuate from quarter to quarter and may be unpredictable.
- Our industry is subject to intense competition and rapid technological change, which may result in products or new tumor treatments that are superior to the CyberKnife and TomoTherapy platforms. If we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our products may become obsolete or less useful and our operating results will suffer.
- We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations.
- Our results have been and may continue to be impacted by changes in foreign currency exchange rates.
- If we encounter manufacturing problems, or if our manufacturing facilities do not continue to meet federal, state or foreign manufacturing standards, we may be required to temporarily cease all or part of our manufacturing operations, which would result in delays and lost revenue.
- If we are unable to develop new products or enhance existing products to meet our customers' needs and compete favorably in the market, we may be unable to attract or retain customers.

- If we do not successfully implement our transformation plan, our business may be significantly harmed.
- We could become subject to product liability claims, product recalls, other field actions and warranty claims that could be expensive, divert management's attention and harm our business.
- Our reliance on single-source suppliers for critical components of our products could harm our ability to meet demand for our products in a timely and cost effective manner.
- We depend on key employees, the loss of whom would adversely affect our business. If we fail to attract and retain employees with the expertise required for our business, we may be unable to continue to grow our business.
- Disruption of critical information technology systems, infrastructure and data or cyberattacks or other security breaches or incidents could harm our business and financial condition.
- Any actual or perceived failure by us to comply with legal or regulatory requirements related to privacy, cybersecurity and data protection could result in proceedings, actions or penalties against us.
- If third-party payors do not provide sufficient coverage and reimbursement to healthcare providers for use of our product platforms or if the number of patients covered by health insurance reduces, demand for our products and our revenue could be adversely affected.
- The safety and efficacy of our products for certain uses is not yet supported by long-term clinical data, and our products may therefore prove to be less safe and effective than initially thought.
- Failures, disruptions, terminations, or replacements of our outsourcing providers or our logistics providers have occurred and could occur in the future, which could adversely impact our business.
- Third parties may claim we are infringing their intellectual property or that we are operating outside the scope of or violating a license or other agreement relating to their intellectual property.
- It is difficult and costly to protect our intellectual property and our proprietary technologies and we may not be able to ensure their protection.
- We have identified material weaknesses in our system of internal controls as of June 30, 2025, September 30, 2025, December 31, 2025, and March 31, 2026, of which one material weakness remained unremediated as of June 30, 2026. Although the remaining material weakness was remediated as of September 30, 2026, if we fail to maintain an effective system of internal control over financial reporting, our ability to produce timely and accurate financial results could be adversely impacted.
- Further declines in our stock price and market capitalization, or other adverse developments, could result in an additional goodwill impairment charge that would adversely affect our results of operations.

Risks related to the regulation of our products and business

- Modifications, upgrades, new indications and future products related to our products may require new Food and Drug Administration ("FDA") 510(k) clearances or premarket approvals and similar licensing or approvals in international markets.
- We are subject to federal, state and foreign laws and regulations applicable to our operations, the violation of which could result in substantial penalties and harm our business.
- If we or our distributors do not obtain and maintain the necessary regulatory approvals in a specific country, we will not be able to market and sell our products in that country.

Risks related to our common stock

- The price of our common stock is volatile and may continue to fluctuate significantly, which could lead to losses for stockholders.
- If we do not regain compliance with or continue to satisfy Nasdaq's continued listing standards and other Nasdaq rules, our common stock could be delisted, which would harm our business, the trading price of our common stock, our ability to raise additional capital and the liquidity of the market for our common stock.

- The exercise of outstanding warrants for our common stock and the conversion of the Series A Convertible Preferred Stock would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.

- Provisions in the financing agreement for our Credit Facilities (as defined below), our certificate of incorporation and our bylaws could discourage or prevent a takeover, even if an acquisition would be beneficial in the opinion of our stockholders.

Risks Related to Our Financing Transaction

- There can be no assurance that the Financing Transaction will be successfully consummated or achieve the anticipated results.

General Risks

- Our liquidity could be adversely impacted by adverse conditions in the financial markets.

Risk Factors

We operate in a rapidly changing environment that involves significant risks, a number of which are beyond our control. In addition to the other information contained in this Form 10-Q, the following discussion highlights some of these risks and the possible impact of these factors on our business, financial condition and future results of operations. If any of the following risks actually occur, our business, financial condition or results of operations may be adversely impacted, causing the trading price of our common stock to decline. In addition, these risks and uncertainties may impact the "forward-looking" statements described elsewhere in this Form 10-Q and in the documents incorporated herein by reference. They could affect our actual results of operations, causing them to differ materially from those expressed in "forward-looking" statements.

Risks Related to Our Business and Results of Operations

We face risks related to the current global economic environment, including risks arising in connection with tariffs, inflation, recession or currency fluctuations, any of which could adversely affect our business, financial condition and results of operations by, among other things, delaying or preventing our customers from obtaining financing to purchase our products and services or implementing the required facilities to house our systems.

Our business and results of operations are materially affected by conditions in the global markets and the economy generally. We expect that the business of our customers and our own business will continue to be adversely impacted, directly or indirectly, by macroeconomic and geopolitical issues. Concerns over economic and political stability; inflation levels and related efforts to mitigate inflation; a potential recession; the level of U.S. national debt, the U.S. debt credit rating and U.S. budgetary concerns, including concerns over a U.S. government shutdown; currency fluctuations and volatility; the rate of growth of Japan, China and other Asian economies, including the impact of the China anti-corruption campaign and timing of China stimulus program on those economies; unemployment; the availability and cost of credit; trade relations, including the imposition of various sanctions, export controls, and tariffs by the United States and other countries; energy costs; instability in the banking and financial services sector; the conflicts in Russia-Ukraine, Iran, the Middle East and Southwest Asia, including the impact on global supply chains and oil prices, as well as other geopolitical uncertainty and conflict, and increasing tension between China and the U.S.; changes in government administration policy positions and imposition of tariffs on global imports that could result in additional tariffs on specific industries, and uncertainties regarding impact, retaliations and further escalation, have contributed to increased volatility and diminished expectations for the economy and the markets in general. In turn, periods of economic slowdown or recession could lead to a reduction in demand for our products and services, which in turn would reduce our revenues and adversely affect our results of operations and our financial position. The results of these macroeconomic conditions, and the actions taken by governments, central banks, companies, and consumers in response, have and may continue to result in higher inflation in the U.S. and globally, which has led to an increase in costs and caused changes in fiscal and monetary policy, including increased interest rates. For example, we had product shipments planned in the second half of fiscal year 2026 to certain customers in the Middle East, North Africa and Pakistan that have been delayed indefinitely due to geopolitical disruption in the Middle East, which is also impacting our service revenue in those regions. We also continue to experience pressure in China. Other adverse impacts of recent macroeconomic conditions that have impacted us and may continue to impact us are foreign exchange rate fluctuations, supply chain constraints, logistics challenges, and fluctuations in labor availability. Thus, if general macroeconomic conditions deteriorate, our business and financial results could be materially and adversely affected.

In an inflationary environment, we may be unable to raise the prices of our products and services sufficiently to keep up with the rate of inflation. Impacts from inflationary pressures could be more pronounced and materially adversely impact aspects of our business where revenue streams and cost commitments are linked to contractual agreements that extend many years into the future, as we may not be able to quickly or easily adjust pricing, reduce costs, or implement counter measures. A higher inflationary environment can also negatively impact raw material, component, and logistics costs that, in turn, have increased the costs of producing and distributing our products. For example, inflationary pressures as well as ongoing supply chain challenges beginning in fiscal year 2023 have resulted in rising costs for certain materials, including increased logistics and duties costs, that have materially affected our gross margins and net income (loss), which continue to have a material effect on our business, financial condition or results of operations. We expect that gross margins and net income (loss) will continue to be adversely affected by increased material costs and freight and logistics expenses through at least fiscal year 2027. In addition, we expect inflation and the ongoing supply chain challenges and logistics costs to impact our cash from operations through at least fiscal year 2027, as we are unable to pass all of these increased costs to our customers.

Further, the U.S. federal government has called for, or enacted, substantial changes to healthcare, trade, fiscal, and tax policies, which may include changes to existing trade agreements and may have a significant impact on our operations. For example, the United States has imposed tariffs on many foreign products, including tariffs on imports from China, that in the past have resulted in and may result in future retaliatory tariffs on U.S. goods and products and restrictions on exports to the United States. In light of the uncertainty surrounding tariffs imposed by the United States and China and trade relations between the two countries, we expect the volume of product sales in China to decrease and costs associated with tariffs to increase. We cannot predict whether these policies will continue, or if new policies will be enacted, or the impact, if any, that any policy changes could have on our business. In addition, failure of the U.S. Government to pass a budget in a timely manner, any extended government shutdown, or any reductions in healthcare spending in the budget may adversely impact us or our customers. If economic conditions worsen, or new legislation is passed related to the healthcare system, trade, fiscal or tax policies, customer demand may not materialize to levels we require to achieve our anticipated financial results, which could have a material adverse effect on our business, financial condition and results of operations.

The uncertain macroeconomic environment, including volatile credit markets and concerns regarding the availability and cost of credit, increased interest rates, inflation, reduced economic growth or a recession, instability in the banking and financial services sector, and changes in government administration policy positions, in any of the geographic areas where we do business, could impact consumer and customer demand for our products and services, as well as our ability to manage normal commercial relationships with our customers, suppliers and creditors, including financial institutions, and the ability of our customers to meet their obligations to us. Further, some of our customers have been delayed in obtaining, or have not been able to obtain, necessary financing for their purchases of the CyberKnife or TomoTherapy platforms. In addition, some of our customers have been delayed in obtaining, or have not been able to obtain, necessary financing for the construction or renovation of facilities to house the CyberKnife or TomoTherapy platforms, the cost of which can be substantial. These delays have, in some instances, led to our customers postponing the shipment and installation of previously ordered systems or cancelling their system orders and may cause other customers to postpone their system installation or to cancel their agreements with us. Reduced budgets and lower capital deployment priority for radiotherapy equipment, along with longer customer installation timelines, in the United States have also negatively impacted our net revenue since fiscal year 2024 and we expect this will continue to affect us. A continuation or further deterioration of the adverse economic environment would further increase delays and order cancellations, or affect our ability to collect from our customers, any of which would continue to adversely affect revenues, and therefore, harm our business and results of operations.

If the CyberKnife or TomoTherapy platforms do not achieve widespread market acceptance, we will not be able to generate the revenue necessary to support our business.

Achieving physician, patient, hospital administrator and third-party payor acceptance of the CyberKnife and TomoTherapy platforms as preferred methods of tumor treatment is crucial to our continued success. Physicians will not begin to use or increase the use of the CyberKnife or TomoTherapy platforms unless they determine, based on experience, clinical data and other factors, that the CyberKnife and TomoTherapy platforms are safe and effective alternatives to traditional treatment methods. Further, physicians may be slow to adopt new or updated versions of our CyberKnife and TomoTherapy platforms because of the perceived liability risks arising from the use of new products and the uncertainty of reimbursement from third-party payors, particularly in light of ongoing health care reform initiatives and the evolving U.S. health care environment. If we are not able to expand market acceptance of our products and maintain and increase our base of installed systems, or installed base, then sales of our products may not meet expectations. Any failure to expand and protect our existing installed base could adversely affect our operating results.

We often need to educate physicians about the use of stereotactic radiosurgery, image guided radiation therapy ("IGRT") and adaptive radiation therapy, convince healthcare payors that the benefits of the CyberKnife and TomoTherapy platforms and their related treatment processes outweigh their costs, and help train qualified physicians in the skilled use of these systems. In addition, we also must educate prospective customers regarding the entire functionality of our radiation therapy systems and their relative benefits compared to alternative products and treatment methods. We must also increase awareness among potential patients, who are increasingly educated about treatment options and therefore, impact adoption of new technologies by clinicians. We have expended and will continue to expend significant resources on marketing and educational efforts to create awareness of stereotactic radiosurgery and robotic intensity-modulated radiotherapy ("IMRT"), Synchrony technology and VOLO Optimizer on the CyberKnife System, as well as adaptive radiation therapy and IGRT generally and to encourage the acceptance and adoption of our products for these technologies. The long-term success of the CyberKnife platform is also dependent on a change in medical practice leading to utilization of stereotactic body radiation therapy more regularly as an alternative to surgery or other treatments. We cannot be sure that our products will gain significant market acceptance among physicians, patients and healthcare payors, even if we spend significant time and expense on their education.

In addition to achieving market acceptance of our products and the need to educate physicians and others about the benefits of our products, the CyberKnife and TomoTherapy platforms are major capital purchases, and purchase decisions are greatly influenced by hospital administrators who are subject to increasing pressures to reduce costs. These and other factors, including the following, may affect the rate and level of market acceptance of the CyberKnife and TomoTherapy platforms:

- the CyberKnife and TomoTherapy platforms' price relative to other products or competing treatments;
- our ability to develop new products and enhancements and receive regulatory clearances and approval, if required, to such products in a timely manner;
- increased scrutiny by state boards when evaluating certificates of need requested by purchasing institutions;
- perception by patients, physicians and other members of the healthcare community of the CyberKnife and TomoTherapy platforms' safety, efficacy, efficiency and benefits compared to competing technologies or treatments;
- willingness of physicians to adopt new techniques and the ability of physicians to acquire the skills necessary to operate the CyberKnife and TomoTherapy platforms;
- extent of third-party coverage and reimbursement rates, particularly from Medicare, for procedures using the CyberKnife and TomoTherapy platforms; and
- development of new products and technologies by our competitors or new treatment alternatives.

If the CyberKnife or TomoTherapy platforms are unable to achieve or maintain market acceptance, new orders and sales of our systems would be adversely affected, our revenue levels would decrease and our business would be harmed.

Our ability to achieve profitability depends in part on maintaining or increasing our gross margins on product sales and services, which we may not be able to achieve.

As of September 30, 2026, we had an accumulated deficit of $558.3 million. We have incurred net losses, and expect to incur net losses in the future, particularly as selling and marketing activities increase ahead of any expected revenue. Our ability to achieve and sustain long-term profitability is largely dependent on our ability to successfully market and sell the CyberKnife and TomoTherapy platforms, control our costs, and effectively manage our growth. We cannot assure you that we will be able to achieve profitability and even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. In the event we fail to achieve profitability, our stock price could decline.

Our ability to achieve profitability also depends on our ability to maintain or increase our gross margins on product sales and services. A number of factors have adversely impacted or could impact gross margins, including:

- lower than expected manufacturing yields of high cost components leading to increased manufacturing costs;

- low production volume, which will result in high levels of overhead cost per unit of production;
- lower selling pricing;
- our ability to sell products and services, recognize revenue from our sales and the timing of revenue recognition and revenue deferrals;
- increased labor costs, component costs, or other costs as a result of increased inflation and supply chain constraints;
- delays in receipt of or increased costs related to critical components parts, including as a result of supply chain disruptions;
- increased inventory costs and liabilities for excess inventory resulting from inventory held in excess of forecasted demand;
- increased service or warranty costs or the failure to reduce service or warranty costs;
- increased price competition;
- variation in the margins across products installed in a particular period;
- changes to U.S. and foreign trade policies, including imposition of tariffs on goods imported into the U.S. including, but not limited to, tariffs on goods imported from China and other countries, and any retaliatory tariffs imposed by other countries on U.S. goods, including our products, and retaliatory export controls that could impact our supply chain;
- fluctuations in foreign currency exchange rates; and
- how well we execute on our strategic and operating plans.

If we are unable to maintain or increase our gross margins on product sales and service, our results of operations could be adversely impacted, we may not achieve profitability and our stock price could decline.

We have substantial indebtedness in the form of a credit facility and may incur other debt in the future, which may adversely affect our financial condition and future financial results. In the past, we have not been in compliance with certain financial covenants relating to our indebtedness and have been required to obtain waivers and amendments to avoid defaulting under such indebtedness.

As of September 30, 2026, we had net carrying values of $13.6 million under our five-year term loan A (the “Term Loan Facility”), $59.0 million under our five-year convertible term loan B (the "Convertible Term Loan B Facility"), $20.5 million under our asset-based revolving credit facility (the “Asset-Based Revolving Credit Facility”) and $8.6 million under our convertible delayed draw term loan (the “Convertible Delayed Draw Facility” and, together with the Term Loan Facility A, Convertible Term Loan B Facility, and the Asset-Based Revolving Credit Facility, the “Credit Facilities”), each of which will mature on June 6, 2030. Outstanding borrowings under the Credit Facilities include $13.1 million in accumulated paid-in-kind interest. Substantially all of our assets secure the Credit Facilities. In the event of a default, the lenders would have the right to foreclose on those assets, which could severely impair or eliminate our ability to continue operating. Our existing and future levels of indebtedness could have important consequences to our stockholders and may adversely affect our financial condition and future financial results by, among other things:

- affecting our ability to satisfy our obligations under the Credit Facilities;
- requiring a substantial portion of our cash flows from operations to be dedicated to interest and principal payments, which may not be available for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;
- impairing our ability to obtain additional financing in the future;
- limiting our flexibility in planning for, or reacting to, changes in our business and industry; and
- increasing our vulnerability to downturns in our business, our industry or the economy in general.

In June 2025, in connection with our entry into the credit agreement governing the Credit Facilities (the "Financing Agreement"), we issued to our lenders (i) an aggregate of 17,180,710 shares of our common stock issuable upon exercise of outstanding warrants (the "June 2025 Premium Warrants"), which are exercisable starting on December 7, 2025 and until June 6, 2032 and have an exercise price of $1.68 per share, and (ii) an aggregate of 6,247,531 shares of our common stock issuable upon exercise of warrants (the "June 2025 Penny Warrants"), which are exercisable until June 6, 2032 and have an exercise price of $0.01 per share. In December 2025, in connection with our entry into an amendment to the Financing Agreement, we also issued, (i) 3,062,726 shares of common stock issuable upon exercise of outstanding warrants, with an exercise price of $1.50 per share, exercisable on and after June 16, 2026 and expiring on December 15, 2032 (the "December 2025 Super Premium Warrants"), (ii) 2,187,661 shares of common stock issuable upon exercise of warrants, with an exercise price of $1.25 per share, exercisable on and after June 16, 2026 and expiring on December 15, 2032 (the "December 2025 Premium Warrants"), and (iii) 1,750,129 shares of common stock issuable upon exercise of outstanding warrants, with an exercise price of $0.01 per share, which are exercisable immediately and expire on December 15, 2032 (the "December 2025 Penny Warrants"). In May 2026, in connection with accessing the Delayed Draw Facility, we issued (i) an aggregate of 2,990,010 shares of common stock issuable upon exercise of outstanding warrants, with an exercise price of $1.50 per share, exercisable on and after November 19, 2026 and expiring on May 18, 2033 (the "May 2026 Super Premium Warrants" and, together with the December 2025 Super Premium Warrants, the "Super Premium Warrants"), (ii) an aggregate of 2,135,721 shares of common stock issuable upon exercise of outstanding warrants, with an exercise price of $1.25 per share, exercisable on and after November 19, 2026 and expiring on May 18, 2033 (the "May 2026 Premium Warrants" and, together with the June 2025 Premium Warrants and the December 2025 Premium Warrants, the "Premium Warrants"), and (iii) an aggregate of 1,708,577 shares of common stock issuable upon exercise of outstanding warrants, with an exercise price of $0.01 per share, which are exercisable immediately and expire on May 18, 2033 (the "May 2026 Penny Warrants"). On July 29, 2026, we entered into the Third Amendment to the Financing Agreement and the Securities Purchase Agreement with certain existing investors. Pursuant to the Securities Purchase Agreement and the Third Amendment, we issued warrants to purchase an aggregate of 15,253,473 shares of common stock at an exercise price of $0.01 per share, which are exercisable immediately and expire on July 29, 2033 (the "July 2026 Penny Warrants", and together with the June 2025 Penny Warrants, December 2025 Penny Warrants, and May 2026 Penny Warrants, the "Penny Warrants" and together with the Premium Warrants and the Super Premium Warrants, the "Warrants"). Among other matters, the Securities Purchase Agreement provides for, subject to certain closing conditions, the issuance of $55.0 million of Series A Convertible Preferred Stock, paid in the form of (i) $15.0 million in cash, which amount was paid on the date the parties entered into the Securities Purchase Agreement, and (ii) the conversion of $40.0 million of existing indebtedness held by existing investors under the Financing Agreement, with such existing indebtedness to be cancelled and extinguished in exchange for shares of Series A Convertible Preferred Stock issued at the closing of the Securities Purchase Agreement. In addition, the Third Amendment to the Financing Agreement, among other things, modified certain financial covenants, including minimum liquidity requirements, provided a covenant holiday through December 31, 2027 with respect to the total leverage ratio and fixed charge coverage ratio financial covenants, provided for an additional $5.0 million delayed draw term loan commitment, subject to specified conditions, and converted the revolving credit facility to an asset-based lending structure. On October 6, 2026, our stockholders approved the issuance of shares of common stock upon conversion of the Series A Convertible Preferred Stock and exercise of the July 2026 Penny Warrants, an increase in the number of authorized shares of our common stock and a reverse stock split of our common stock. However, the transactions contemplated by the Securities Purchase Agreement have not closed and remain subject to the implementation of the reverse stock split and the satisfaction of other closing conditions. If the Securities Purchase Agreement is terminated, the $15.0 million cash investment will be deemed to be a secured obligation under the Financing Agreement and subject to repayment, together with a $15.0 million fee, and the $40.0 million of indebtedness that would otherwise be exchanged for Series A Convertible Preferred Stock will remain outstanding, which would increase our indebtedness and could adversely affect our liquidity and our ability to comply with the covenants under the Credit Facilities. In addition, any borrowings under the additional delayed draw term loan commitment would further increase our indebtedness. See Note 8, *Debt*, for additional information regarding these transactions. See also the Risk Factors set forth under "Risks Related to Our Financing Transaction."

The Financing Agreement, as amended (the "Amended Financing Agreement") includes certain restrictive covenants that limit, among other things, our ability and our subsidiaries' ability to (i) incur indebtedness, (ii) incur liens on their property, (iii) pay dividends or make other distributions, (iv) sell our assets, (v) make certain loans or investments, (vi) merge or consolidate, (vii) voluntarily repay or prepay certain indebtedness and (viii) enter into transactions with affiliates, in each case, subject to certain exceptions. In addition, such agreements require us to meet certain financial covenants, including a fixed charge coverage ratio, total leverage ratio and liquidity level, as defined in the Amended Financing Agreement. Although the Third Amendment provides a covenant holiday with respect to the total leverage ratio and fixed charge coverage ratio financial covenants through December 31, 2027, we remain subject to the minimum liquidity requirement, as modified by the Third Amendment, and to the borrowing conditions and covenants applicable to the Asset-Based Revolving Credit Facility, and we will again be required to comply with the total leverage ratio and fixed charge coverage ratio financial covenants beginning with the fiscal quarter ending March 31, 2028. We may not be able to comply with these covenants when testing resumes. These restrictions could adversely affect our ability to finance our future operations or capital needs, withstand a future downturn in our business or the economy in general, engage in business activities, including future opportunities that may be in our interest, and plan for or react to market conditions or otherwise execute our business strategies. Our ability to comply with the covenants and other terms governing the Credit Facilities will depend in part on our future operating performance. If we fail to comply with such covenants and terms, we may be in default and the maturity of the related debt could be accelerated and become immediately due and payable. In addition, because substantially all of our assets are pledged as a security under the Credit Facilities, if we are not able to cure any default or repay outstanding borrowings, such assets are subject to the risk of foreclosure by our lenders. From time to time, we have not been in compliance with certain similar covenants or other terms governing the prior credit facilities and we have been required to obtain waivers or amendments to the previous credit agreement from our lenders in order to maintain compliance. In addition, as of June 30, 2026, we were not in compliance with the minimum liquidity covenant under the Amended Financing Agreement, which default the lenders waived in the Third Amendment. There can, however, be no certainty that any such waiver or amendment will be available to us in the future, which may lead to a default under the terms of the Amended Financing Agreement governing the Credit Facilities, or what the cost of such waiver or amendment, if obtained, would be. If we are unable to obtain necessary waivers or relevant amendments as required and the debt under such credit facility is accelerated, we would be required to obtain replacement financing at prevailing market rates, which may not be available to us on favorable terms or at all. Failure to obtain replacement financing could result in certain of our long-term indebtedness being reclassified as current, which could in turn impact our ability to continue as a going concern. We may not be able to satisfy our obligations if any of our indebtedness is accelerated.

In addition, the Credit Facilities expose us to interest rate risk. If the amount outstanding under the Credit Facilities remained at the level outstanding as of September 30, 2026 for the next 12 months and interest rates increased or decreased by 50 basis points, our annual interest expense would increase or decrease, respectively, approximately $0.8 million.

Uncertainty or volatility in trade policy as well as enhanced international tariffs, including tariffs imposed by the United States and China that affect our products or components within our products, other trade barriers or a global trade war could decrease the volume of product sales in China and increase our costs and materially and adversely affect our business, financial condition and results of operations.

Our global business has been and could continue to be negatively affected by uncertainty or volatility in trade policy as well as trade barriers and other governmental protectionist measures, any of which can be imposed or modified suddenly and unpredictably. There is currently significant uncertainty about the future relationship between the U.S. and various other countries, most significantly China, with respect to trade policies, treaties, government regulations and tariffs and such uncertainty could continue with the changes in government administration policy positions and reactions to such policies. In February 2026, the U.S. Supreme Court ruled that the President does not have authority under the International Emergency Economic Powers Act ("IEEPA") to impose broad tariffs without explicit congressional authorization, striking down major tariffs previously in place. As a result of that ruling, U.S. Customs and Border Protection (“CBP”) outlined plans to establish a system for tariff refunds following an order by the Court of International Trade for CBP to progress with a tariff refund process. The first phase of the refund process and portal went live on April 20, 2026.

In addition, the U.S. presidential administration has indicated its intent to modify U.S. trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements. It has also imposed or announced enhanced international tariffs ranging from tariffs on certain imports, pursuant to Section 301 of the Trade Act of 1974 (“Section 301”) and Section 232 of the Trade Expansion Act of 1962 (“Section 232”) as well as a baseline tariff on virtually all imports pursuant to Section 122 of the Trade Act of 1974 (“Section 122”). Following the ruling by the U.S. Supreme Court on the legality of the IEEPA tariffs, the U.S. presidential administration announced it would utilize authority under Section 122 to implement tariffs of up to 15% for a limited period of time without U.S. Congressional approval and may ultimately replace such tariffs with longer-lasting authority under Section 301 or Section 232. The Section 301 tariffs affect component parts including the linear accelerator for our CyberKnife platforms, which we manufacture in China and import into the U.S., as well as other components that we import into the U.S. from other suppliers, which could significantly impact the cost of these parts. The Section 122 tariffs, which were imposed at a rate of 10%, expired on July 24, 2026. Any retaliatory tariffs could also impact our ability to export and sell our products into those countries.

With respect to tariff refund claims, there can be no assurance that we will receive any tariff refunds on a timely basis or at all, or that any such refunds, if received, will fully offset amounts previously paid or accrued. For example, in April 2026, we submitted approximately $8.9 million of tariff refund claims, which were reported by CBP as having an accepted submission status. As of June 30, 2026, an additional $0.4 million of interest was reported by the CBP, resulting in a total refund claim balance of approximately $9.3 million. During the three months ended September 30, 2026, the remaining refund claims were collected and remitted to the third-party purchaser of our refund rights. Refund claims may be delayed, denied or subject to dispute, and any delays or adverse determinations could negatively impact our cash flows, results of operations and financial position. Increased tariffs and evolving trade regimes may also heighten regulatory and customs compliance risks, including increased scrutiny by CBP and foreign customs authorities, disputes regarding tariff classification, valuation or country of origin determinations, and the potential for retroactive assessments, penalties, interest or delays in the clearance of our products. Prolonged uncertainty or volatility in trade policy and economic conditions, including uncertainty regarding future trade policy, potential tariff refund claims and shifting trade relationships could materially harm our business, financial condition and results of operations, especially if additional tariffs are placed on certain of our components or products or if any related counter-measures are taken by other countries. Our ability to mitigate the impact of tariff related cost increases may be limited by competitive pressures, long sales cycles, fixed price or long term customer contracts, and reimbursement or budgetary constraints faced by healthcare providers, particularly in China and other international markets. As a result, we may not be able to fully pass through increased costs to customers without adversely affecting demand.

In addition, our competitors, including domestic Chinese manufacturers and multinational companies that manufacture in countries not subject to the same tariffs, may not face equivalent cost increases, which could result in a relative competitive disadvantage for our products in affected markets, particularly China. We have experienced increased costs associated with tariffs and in light of continued uncertainty surrounding tariffs imposed by the United States and China, and overall trade relations between the two countries, the volume of our product sales in China has and may continue to decrease.

Tariffs increase the cost of our products and the components and raw materials that go into making them. An increase in our costs adversely impacts the gross margin that we earn on our products and we have been unable to fully pass tariff-related cost increases to our customers, particularly because healthcare providers face reimbursement constraints and competitive pressures limit our pricing flexibility. We may not be able to forecast such impacts accurately. Although we continue to work with our vendors and customers to mitigate our exposure to current or potential tariffs, there can be no assurance that we will be able to offset any increased costs. The ultimate impact of any tariffs will depend on various factors, including if any tariffs are ultimately implemented, the timing of implementation, and the amount, scope, and nature of the tariffs. If we are not successful in offsetting the impact of any such tariffs, our revenue, gross margins and operating results may be adversely affected. If existing tariffs associated with U.S.-China trade increase, we would expect minimal shipments to China despite customer demand.

These tariffs are subject to a number of uncertainties as they are implemented, including future adjustments and changes. We continue to monitor trade policy developments on a real-time basis. To date, tariff impacts have materially reduced our China product revenues and adversely affected our gross margins. If tariffs escalate or persist, we expect further reductions in China revenues and ongoing gross margin pressure, with limited ability to offset costs through pricing adjustments given our customers' reimbursement constraints.

The ultimate reaction of other countries and the impact of these tariffs or other actions on the U.S., the global economy and our business, financial condition and results of operations, cannot be predicted at this time, nor can we predict the impact of any other developments with respect to global trade. Further, the imposition of additional tariffs by the U.S. could result in the adoption of additional tariffs by other countries, as well as export controls and further retaliatory actions by any affected country. Any resulting trade war could negatively impact the global market for medical devices, including radiation therapy devices, and could have a significant adverse effect on our business. These developments may have a material adverse effect on global economic conditions and the stability of global financial markets, and they may significantly reduce global trade. Any of these factors could depress economic activity, restrict our access to customers and have a material adverse effect on our business, financial condition and results of operations.

More generally, several governments, including the U.S., have raised the possibility of policies to induce "re-shoring" of supply chains, less reliance on imported supplies, and greater national production. Examples include potential "Buy America" requirements in the U.S. If such steps by local governments trigger retaliation in other markets restricting access to foreign products in purchases by their government-owned healthcare systems, the result may have an adverse impact on our business, financial condition, or results of operations.

In addition, export controls and economic sanctions imposed by the United States and other countries could negatively affect our global business. Although export controls and economic sanctions enforcement agencies have often provided exceptions or favorable licensing policies for exports of medical devices, there is no guarantee that any such exceptions or licensing policies will be included in connection with any future impositions of new export controls or economic sanctions. Additionally, even if the relevant enforcement agencies do adopt favorable exceptions or licensing policies for medical device exports, those exceptions or policies might not be broad enough to permit our continued exports to affected countries and/or end users. Even if favorable licensing policies do exist, we might not be able to obtain required export licenses within a commercially reasonable amount of time. For example, following Russia's invasion of Ukraine, the United States and other countries imposed economic sanctions and severe export control restrictions against Russia and Belarus, and the United States and other countries could impose wider sanctions and export restrictions and take other actions should the conflict further escalate. Any exports or sales of our products into Russia and Belarus may be impacted by these restrictions. For instance, we are not able to ship certain spare or replacement parts into Russia and Belarus, which impacts our distributors' ability to service our installed base in such countries as we have distributors in Russia. The military conflict in Ukraine has also led to an expansion of sanction programs imposed against Russia by the United States, Canada, the EU, the United Kingdom, Switzerland, and Japan, among others, that in relevant part, impose sanctions against some of the largest state-owned and private Russian financial institutions (and their subsequent removal from the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") payment system) and certain Russian businesses, some of which have significant financial and trade ties to the EU, making it increasingly difficult to transfer money from Russia to other countries. In response to international sanctions, and as part of measures to stabilize and support the volatile Russian financial and currency markets, the Russian authorities imposed significant currency control measures aimed at restricting the outflow of foreign currency and capital from Russia, imposed various restrictions on transacting with non-Russian parties, banned exports of various products and imposed other economic and financial restrictions. If we are unable to receive payment from customers in Russia or transfer money outside of Russia, it could affect our ability to convert backlog from that region into revenue. The situation continues to evolve, and the United States, the EU, the United Kingdom and other countries may implement additional sanctions, export controls or other measures against Russia and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and measures, as well as existing and potential further responses from Russia or other countries, could adversely affect the global economy and financial markets, as well as our business, financial condition and results of operations, which may also magnify the impact of other risks described in this "Risk Factors" section.

Our operating results, including our cash flows, quarterly orders, revenues and margins fluctuate from quarter to quarter and may be unpredictable.

We have experienced and expect in the future to experience fluctuations in our operating results, including gross orders, revenues and margins, from period to period. Drivers of orders include the introduction and timing of new product or product enhancement announcements by us and our competitors, the timing of regulatory approvals, changes in price by us and our competitors as well as changes or anticipated changes in third-party reimbursement amounts or policies applicable to treatments using our products. The availability of economic stimulus packages or other government funding, or reductions thereof, may also affect timing of customer purchases. Our products have a high unit price and require significant capital expenditures by our customers. Accordingly, we experience long sales and implementation cycles, which is of greater concern during a volatile economic environment where we have had customers delay or cancel orders. The timing of when orders are placed, when installation, delivery or shipping, as applicable, is accomplished and when revenue is recognized affect our quarterly results. Further, because of the high unit price of the CyberKnife and TomoTherapy platforms and the relatively small number of units sold or installed each quarter, each sale or installation of a CyberKnife or TomoTherapy platform can represent a significant percentage of our net orders, backlog or revenue for a particular quarter and shifts in sales or installation from one quarter to another may have significant effects. For example, multi-system sales or sales involving negotiations with integrated delivery networks involve additional complexities to the transaction and require a longer timeline to finalize the sale, which make it more difficult to predict the quarter in which the sale will occur. In addition, we have experienced delays in orders and installations due to the impact of macroeconomic factors.

Once orders are received and booked into backlog, there is a risk that we may not recognize revenue in the near term or at all. The pace at which backlog converts to revenue has been adversely impacted in recent years, primarily due to delays in the timing of deliveries and installations resulting from challenges associated with the global economic environment, including supply chain disruptions, financing constraints, customer budget pressures and project timing considerations. These delays in deliveries and installations could occur again in the future, which could have a negative impact on our revenue. Factors that may affect whether these orders become revenue (or are cancelled or deemed aged-out and reflected as a reduction in net orders) and the timing of revenue include:

- economic or political instability, including volatility related to the current global economic environment;
- delays in the customer obtaining or inability of a customer to obtain funding or financing;
- delays in construction at the customer site and delays in installation;
- delays in the customer obtaining or inability of such customer to obtain local or foreign regulatory approvals such as certificates of need in certain states or Class A or Class B user licenses in China;
- the terms of the applicable sales and service contracts of the CyberKnife and TomoTherapy platforms; and
- the proportion of revenue attributable to orders placed by our distributors, which may be more difficult to forecast due to factors outside our control.

Our operating results have previously and may in the future also be affected by a number of other factors, some of which are outside of our control, including:

- delays in business operations of our customers or vendors, construction at customer sites and installation, including delays caused by supply chain delays;
- timing and level of expenditures associated with new product development activities;

- regulatory requirements in some states for a certificate of need prior to the installation of a radiation device or foreign regulatory approvals, such as Class A or Class B user licenses in China;
- delays in shipment due to, among other things, unanticipated construction delays at customer locations where our products are to be installed, cancellations by customers, natural disasters, global or regional health pandemics or epidemics, or labor disturbances;
- delays in our manufacturing processes or unexpected manufacturing difficulties, including due to supply chain and logistics challenges;
- the timing of the announcement, introduction and delivery of new products or product upgrades by us and by our competitors;
- timing and level of expenditures associated with expansion of sales and marketing activities such as trade shows and our overall operations;
- the timing and level of expenditures associated with our financing activities;
- our ability to satisfy the covenants associated with our indebtedness and our ability to generate sufficient cash flow or obtain additional financing to satisfy our obligations as they come due;
- the effects of foreign currency adjustments;
- the effects of macroeconomic factors, including the effects of enhanced international tariffs;
- changes in accounting principles, such as those related to revenue recognition, or in the interpretation or the application thereof; and
- fluctuations in our gross margins and the factors that contribute to such fluctuations, as described in Management's Discussion and Analysis of Financial Condition and Results of Operations and the risk factor entitled, "Our ability to achieve profitability depends in part on maintaining or increasing our gross margins on product sales and services, which we may not be able to achieve."

Because many of our operating expenses are based on anticipated sales and a high percentage of these expenses are fixed for the short term, a small variation in the timing of revenue recognition can cause significant variations in operating results from quarter to quarter. If our financial results fall below the expectation of securities analysts and investors, the trading price of our common stock would almost certainly decline.

We report our orders and backlog on a quarterly and annual basis. Unlike revenues, orders and backlog are not defined by United States generally accepted accounting principles ("U.S. GAAP"), and are not within the scope of the audit conducted by our independent registered public accounting firm. Also, for the reasons discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations, our orders and backlog cannot necessarily be relied upon as accurate predictors of future revenues. Order cancellation or significant delays in installation date will reduce our backlog and future revenues, and we cannot predict if or when orders will mature into revenues. Particularly high levels of cancellations or age-outs in one or more periods may cause our revenue and gross margins to decline in current or future periods and will make it difficult to compare our operating results from quarter to quarter. We cannot assure you that our backlog will result in revenue on a timely basis or at all, or that any cancelled contracts will be replaced.

Our industry is subject to intense competition and rapid technological change, which may result in products or new tumor treatments that are superior to the CyberKnife and TomoTherapy platforms. If we are unable to anticipate or keep pace with changes in the marketplace and the direction of technological innovation and customer demands, our products may become obsolete or less useful and our operating results will suffer.

The medical device industry in general and the non-invasive cancer treatment field in particular are subject to intense and increasing competition and rapidly evolving technologies. Because our products often have long development and government approval cycles, we must anticipate changes in the marketplace and the direction of technological innovation and customer demands. To compete successfully, we will need to continue to demonstrate the advantages of our products and technologies over well-established alternative procedures, products and technologies, and convince physicians and other healthcare decision makers of the advantages of our products and technologies. Traditional surgery and other forms of minimally invasive procedures, brachytherapy, chemotherapy or other drugs remain alternatives to the CyberKnife and TomoTherapy platforms.

We consider the competition for the CyberKnife and TomoTherapy platforms to be existing radiation therapy systems, primarily using C-arm linacs, which are sold by large, well-capitalized companies with significantly greater market share and resources than we have. Several of these competitors are also able to leverage their fixed sales, service and other costs over multiple products or product lines. In particular, we compete with a number of existing radiation therapy equipment companies, including Varian Medical Systems, Inc., a Siemens Healthineers company ("Varian"), Elekta AB ("Elekta"), RefleXion Medical Inc., Zap Surgical Systems and United Imaging Healthcare Co., Ltd. Varian has been the leader in the external beam radiation therapy market for many years and has the majority market share for radiation therapy systems worldwide. In general, because of aging demographics and attractive market factors in oncology, we believe that new competitors will enter the radiosurgery and radiation therapy markets in the years ahead. In addition, some manufacturers of conventional linac based radiation therapy systems, including Varian and Elekta, have products that can be used in combination with body and/or head frames and image guidance systems to perform both radiosurgical and radiotherapy procedures.

Furthermore, many government, academic and business entities are investing substantial resources in research and development of cancer treatments, including surgical approaches, radiation treatment, MRI-guided radiotherapy systems, proton therapy systems, radiopharmaceutical/pharmaceutical treatments, gene therapy (which is the treatment of disease by replacing, manipulating, or supplementing nonfunctional genes) and other approaches. Successful developments that result in new approaches for the treatment of cancer could reduce the attractiveness of our products or render them obsolete.

Our future success will depend in large part on our ability to establish and maintain a competitive position in current and future technologies. Rapid technological development may render the CyberKnife and TomoTherapy platforms and their technologies obsolete. Many of our competitors have or may have greater corporate, financial, operational, sales and marketing resources, and more experience and resources in research and development than we have. We cannot assure you that our competitors will not succeed in developing or marketing technologies or products that are more effective or commercially attractive than our products or that would render our technologies and products obsolete or less useful. We may not have the financial resources, technical expertise, marketing, distribution or support capabilities to compete successfully in the future. In addition, some of our competitors may compete by changing their pricing model or by lowering the price of their products. If we are unable to maintain or increase our selling prices, our revenue and gross margins may suffer. Our success will depend in large part on our ability to maintain a competitive position with our technologies.

In addition to competition from technologies performing similar functions as our platforms, competition also exists for the limited capital expenditure budgets of our customers. For example, our platforms may compete with other equipment required by a radiation therapy department for financing under the same capital expenditure budget, which is typically limited. A purchaser, such as a hospital or cancer treatment center, may be required to select between the two items of capital equipment. Our ability to compete may also be adversely affected when purchase decisions are based solely upon price, since our products are premium-priced systems due to their higher level of functionality and performance.

We are subject to risks arising from our international operations, which may adversely affect our business, financial condition, and results of operations.

We derive most of our revenue from our international operations, and we plan to continue expanding our business in international markets in the future. In addition, we have employees engaged in R&D, manufacturing, administration, support and sales and marketing activities outside the United States.

As a result of our international operations, in addition to similar risks we face in our U.S. operations, we are affected by economic, business, regulatory, social, and political conditions in foreign countries, including the following:

- economic or political instability in the world or in particular regions or countries in which we do business, including the market volatility resulting from conflicts or war, such as the conflicts in Russia-Ukraine, Iran, the Middle East and Southwest Asia, and changes in government administration policy positions;
- import delays;
- changes in foreign laws and regulations governing, among other matters, the clearance, approval and sales of medical devices;
- compliance with differing foreign regulatory requirements to sell and market our products;
- U.S. relations with the governments of the foreign countries in which we operate, which may, among other things, affect our access to such markets, including China, where our JV is located;
- protectionist laws, policies, business practices and nationalistic campaigns that favor local competitors, which could slow our growth, increase our costs, or make our products less competitive in our international markets;
- U.S. trade and economic sanctions policies that are in effect from time to time including, but not limited to, tariffs on goods imported from China and other countries, and the possibility that foreign countries may impose additional taxes, tariffs or other restrictions on foreign trade;
- longer payment cycles associated with many customers outside the United States;
- inability of customers to obtain requisite government approvals, such as customers in China, including customers of the JV, obtaining one of the limited number of Class A or Class B user licenses available in order to purchase our products;
- effective compliance with privacy, data protection and information security laws, such as the U.S. Department of Justice Data Security Program ("DSP") rules, European Union ("EU") General Data Protection Regulation (the "GDPR") and new regulations in China;
- adequate coverage and reimbursement for the CyberKnife and TomoTherapy platform treatment procedures outside the United States;
- failure of local laws to provide the same degree of protection against infringement of our intellectual property;
- trade restrictions that are in effect from time to time, including U.S. prohibitions and restrictions on exports of certain products and technologies to certain nations and customers;
- impact of emerging AI laws and regulations currently being considered or enacted by foreign government bodies and agencies;

- the unfamiliarity of shipping companies and other logistics providers with U.S. export controls and economic sanctions laws and their available exceptions for medical devices, which may lead to their unwillingness to ship or delays in shipping, our products to certain nations and customers despite such shipments being permitted under such laws;
- the inability to obtain required export or import licenses or approvals;
- risks relating to foreign currency, including fluctuations in foreign currency exchange rates possibly causing fewer sales due to any strengthening of the U.S. Dollar;
- requirements of the EU and other jurisdictions related to data privacy or cybersecurity incident reporting obligations;
- contractual provisions governed by foreign laws; and
- natural disasters, such as earthquakes and fires, and global or regional health pandemics or epidemics that may have a disproportionate effect in certain geographies resulting in decreased demand or decreased ability of our employees or employees of our customers and partners to work and travel.

Our inability to overcome these obstacles could harm our business, financial condition and operating results, and may harm our ability to expand our business. Even if we are successful in managing these obstacles, our partners internationally are subject to these same risks and may not be able to manage these obstacles effectively.

In addition, our partners internationally are subject to these same risks. If we or our partners are impacted by any of these factors, our business, financial condition and operating results could be adversely affected.

Our results have been and may continue to be impacted by changes in foreign currency exchange rates.

Our operating results are subject to volatility due to fluctuations in foreign currency exchange rates. Currently, a portion of our sales are denominated in U.S. Dollars. As a result, an increase in the value of the U.S. Dollar relative to foreign currencies could require us to reduce our sales price or make our products less competitive in international markets. Foreign exchange has previously been and could in the future be a significant headwind if the U.S. Dollar strengthens, which could affect our results of operations and could cause potential delays in orders and we may see our sales and margins outside of the U.S. decline as we may not be able to raise local prices to fully offset any strengthening of the U.S. Dollar. Also, if our international sales continue to increase, we may enter into a greater number of transactions denominated in non-U.S. Dollars, which would expose us to foreign currency risks, including changes in currency exchange rates. If we are unable to address these risks and challenges effectively, our international operations may not be successful and our business would be materially harmed.

If we encounter manufacturing problems, or if our manufacturing facilities do not continue to meet federal, state or foreign manufacturing standards, we may be required to temporarily cease all or part of our manufacturing operations, which would result in delays and lost revenue.

The CyberKnife and TomoTherapy platforms are complex and require the integration of a number of components from several sources of supply. We must manufacture and assemble these complex systems in commercial quantities in compliance with regulatory requirements and at an acceptable cost. Our linear accelerator components are extremely complex devices and require significant expertise to manufacture, and we may encounter difficulties in scaling up production of the CyberKnife or TomoTherapy platforms, including problems with quality control and assurance, component supply shortages, increased costs, shortages of qualified personnel, the long lead time required to develop additional radiation shielded facilities for purposes of testing our products and/or difficulties associated with compliance with local, state, federal and foreign regulatory requirements. In addition, the macroeconomic environment has and may continue to impact the supply of key components such that we may not receive them in a timely manner, in sufficient quantities, or at a reasonable cost. If component supply or our manufacturing capacity does not keep pace with demand, we will not be able to fulfill product orders or service our products in a timely manner, which in turn may have a negative effect on our financial results and overall business. Conversely, if demand for our products decreases, the fixed costs associated with excess manufacturing capacity may adversely affect our financial results.

Our manufacturing processes and the manufacturing processes of our third-party suppliers are required to comply with the FDA's Quality Management System Regulations ("QMSR") for any products imported into, or sold within, the U.S. The QMSR is a complex regulatory scheme that covers the methods and documentation of the design, testing, production process and controls, manufacturing, labeling, quality assurance, packaging, storage and shipping of our products. Furthermore, we are required to verify that our suppliers maintain facilities, procedures and operations that comply with our quality requirements. We are also subject to state licensing and other requirements and licenses applicable to manufacturers of medical devices, and we are required to comply with International Organization for Standardization ("ISO"), quality system standards in order to produce products for sale in Europe and Canada, as well as various other foreign laws and regulations. Because our manufacturing processes include the production of diagnostic and therapeutic X-ray equipment and laser equipment, we are subject to the electronic product radiation control provisions of the Federal Food, Drug and Cosmetic Act, which requires that we file reports with the FDA, applicable states and our customers regarding the distribution, manufacturing and installation of these types of equipment. The FDA enforces the QMSR and the electronic product radiation control provisions through periodic inspections, some of which may be unannounced. We have been and anticipate in the future being subject to such inspections. FDA inspections usually occur every two to three years. During such inspections, the FDA may issue Inspectional Observations on Form FDA 483, listing instances where the manufacturer has failed to comply with applicable regulations and procedures, or warning letters.

If a manufacturer does not adequately address the observations, the FDA may take enforcement action against the manufacturer, including the imposition of fines, restriction of the ability to export product, total shutdown of production facilities and criminal prosecution. If we or a third-party supplier receive a Form FDA 483 with material or major observations that are not promptly corrected, fail to pass a QMSR inspection, or fail to comply with these, ISO and other applicable regulatory requirements, our operations could be disrupted and our ability to generate sales could be delayed. Our failure to take prompt and satisfactory corrective action in response to an adverse inspection or our failure to comply with applicable standards could result in enforcement actions, including a public warning letter, a shutdown of our manufacturing operations, a recall of our products, civil or criminal penalties, or other sanctions, which would cause our sales and business to suffer. In addition, because some foreign regulatory approvals are based on approvals or clearances from the FDA, any failure to comply with FDA requirements may also disrupt our sales of products in other countries. We cannot assure you that the FDA or other governmental authorities would agree with our interpretation of applicable regulatory requirements or that we or our third-party suppliers have in all instances fully complied with all applicable requirements. If any of these events occur, our reputation could be harmed, we could lose customers and there could be a material adverse effect on our business, financial condition and results of operations.

If we cannot achieve the required level and quality of production, we may need to outsource production or rely on licensing and other arrangements with third parties who possess sufficient manufacturing facilities and capabilities in compliance with regulatory requirements. Even if we could outsource needed production or enter into licensing or other third-party arrangements, this could reduce our gross margin and expose us to the risks inherent in relying on others. We also cannot assure you that our suppliers will deliver an adequate supply of required components on a timely basis or that they will adequately comply with the QMSR. Failure to obtain these components on a timely basis would disrupt our manufacturing processes and increase our costs, which would harm our operating results.

If we are unable to develop new products or enhance existing products to meet our customers' needs and compete favorably in the market, we may be unable to attract or retain customers.

Our success depends on the successful development, regulatory clearance or approval, introduction and commercialization of new generations of products, treatment systems, and enhancements to and/or simplification of existing products that will meet our customers' needs, provide novel features and compete favorably in the market. The CyberKnife and TomoTherapy platforms, which are currently our principal products, are technologically complex and must keep pace with, among other things, the products of our competitors and new technologies. We are making significant investments in long-term growth initiatives. Such initiatives require significant capital commitments, involvement of senior management and other investments on our part, which we may be unable to recover. Our timeline for the development of new products or enhancements may not be achieved and price and profitability targets may not prove feasible. Commercialization of new products may prove challenging, and we may be required to invest more time and money than expected to successfully introduce them. Once introduced, new products may adversely impact orders and sales of our existing products or make them less desirable or even obsolete. Compliance with regulations, competitive alternatives, and shifting market preferences may also impact the successful implementation of new products or enhancements. Our inability to develop, gain regulatory approval for or supply competitive products to the market as quickly and effectively as our competitors could limit market acceptance of our products and reduce our sales.

In addition, we depend on one of our customers for a substantial portion of our revenue, and the loss of, or a significant reduction in orders from our major customer could have a material adverse effect on our revenue and operating results. The JV represented approximately 16% and 15% of our total net revenue during the three months ended September 30, 2026 and 2025, respectively. In the future, our major customer may decide not to purchase our products at all, may purchase fewer products than they did in the past, or may defer or cancel purchases or otherwise alter their purchasing patterns.

Our ability to successfully develop and introduce new products, treatment systems and product enhancements and simplifications, and the revenues and costs associated with these efforts, will be affected by our ability to:

- properly identify and address customer needs;
- prove feasibility of new products in a timely manner;
- educate physicians about the use of new products and procedures;
- comply with internal quality assurance systems and processes timely and efficiently;
- manage the timing and cost of obtaining regulatory approvals or clearances;
- accurately predict and control costs associated with inventory overruns caused by phase-in of new products and phase-out of old products;
- price new products competitively;
- manufacture and deliver our products in sufficient volumes on time and accurately predict and control costs associated with manufacturing, installation, warranty and maintenance of the products;
- meet our product development plan and launch timelines;
- enter into collaborations with third parties. For example, a key component of our research and development program is our collaboration with research programs at selected hospitals, cancer treatment centers, academic institutions and research institutions worldwide;
- improve manufacturing yields of components; and
- manage customer demands for retrofits of both old and new products.

Even if customers accept new products or product enhancements, the revenues from these products may not be sufficient to offset the significant costs associated with making them available to customers.

We cannot be sure that we will be able to successfully develop, obtain regulatory approval or clearance for, manufacture or introduce new products, treatment systems or enhancements, the roll-out of which involves compliance with complex quality assurance processes, including QMSR. Failure to obtain regulatory approval or clearance for our products or to complete these processes in a timely and efficient manner could result in delays that could affect our ability to attract and retain customers, or could cause customers to delay or cancel orders, causing our backlog, revenues and operating results to suffer.

If we do not successfully implement our Transformation Plan, our business may be significantly harmed.

In fiscal year 2026, we announced a comprehensive strategic, operational, and organizational transformation plan (the "Transformation Plan"). The organizational realignment element of the plan focuses on four major areas: streamlining our commercial structure, centralizing and globalizing core functions, elevating the global heads of service and product development to report directly to the CEO, and optimizing our workforce and footprint. In parallel, we are also outsourcing selected non-core activities, rationalizing facilities, implementing programs to improve direct and indirect spend efficiency, and reallocating engineering resources to focus on high ROI programs and integration of third-party solutions. If we do not successfully implement the Transformation Plan, we may not achieve the goals for the Transformation Plan, which are to increase operating margins, enhance organizational responsiveness and agility, and position us for sustainable, profitable growth.

We could become subject to product liability claims, product recalls, other field actions and warranty claims that could be expensive, divert management's attention and harm our business.

Our business exposes us to potential liability risks that are inherent in the manufacturing, marketing, sale, installation, servicing, and support of medical device products. We may be held liable if one of our CyberKnife or TomoTherapy platforms or our software, including the Precision Treatment Planning System with iDMS Data Management System software, causes or contributes to injury or death or is found otherwise unsuitable during usage. Our products incorporate sophisticated components and computer software. Complex software can contain errors, particularly when first introduced. In addition, new products or enhancements may contain undetected errors or performance problems that, despite testing, are discovered only after installation. Because our products are designed to be used to perform complex surgical and therapeutic procedures involving delivery of radiation to the body, defects, even if small, could result in a number of complications, some of which could be serious and could harm or kill patients. Any alleged weaknesses in physician training and services associated with our products may result in unsatisfactory patient outcomes and product liability lawsuits. It is also possible that defects in the design, manufacture or labeling of our products might necessitate a product recall or other field corrective action, which may result in warranty claims beyond our expectations and may harm our reputation and create adverse publicity. A product liability claim, regardless of its merit or eventual outcome, could result in significant legal defense costs that may not be covered by insurance and be time-consuming to defend. We may also be subject to claims for personal injury, property damage or economic loss related to, or resulting from, any errors or defects in our products, or the installation, servicing and support of our products, or any professional services rendered in conjunction with our products. Adverse publicity related to any product liability actions may cause patients to be less receptive to radiation therapy generally or our products specifically and could also result in additional regulation that could adversely affect our ability to promote, manufacture and sell our products. The coverage limits of our insurance policies may not be adequate to cover future claims. If sales of our products increase or we suffer future product liability claims, we may be unable to maintain product liability insurance in the future at satisfactory rates or with adequate amounts of coverage. A product liability claim, any product recalls or other field actions or excessive warranty claims, whether arising from defects in design or manufacture or labeling, could negatively affect our sales or require a change in the design, manufacturing process or the indications for which our systems or software may be used, any of which could harm our reputation and business and result in a decline in revenue.

In addition, if a product we designed or manufactured is defective, whether because of design or manufacturing, supplied parts, or labeling defects, improper use of the product or other reasons, we may be required to notify regulatory authorities and/or to recall the product, possibly at our expense. We have voluntarily initiated recalls and other product corrections in the past, which have been reported to the FDA. For example, we initiated a voluntary recall on CyberKnife in May 2026 related to collimator retention during exchange. We will continue to monitor and voluntarily correct product issues in accordance with applicable regulatory requirements. We are committed to the safety and precision of our products and while no serious adverse health consequences have been reported in connection with these recalls and the costs associated with each such recall were not material, we cannot ensure that the FDA will not require that we take additional actions to address problems that resulted in previous recalls or that similar or more significant product recalls will not occur in the future. A required notification of a correction or removal to a regulatory authority or recall could result in an investigation by regulatory authorities of our products, which could in turn result in required recalls, restrictions on the sale of the products or other civil or criminal penalties. The adverse publicity resulting from any of these actions could cause customers to review and potentially terminate their relationships with us. These investigations, corrections or recalls, especially if accompanied by unfavorable publicity, patient injury or termination of customer contracts, could result in incurring substantial costs, losing revenues and damaging our reputation, each of which would harm our business.

Our reliance on single-source suppliers for critical components of the CyberKnife and TomoTherapy platforms could harm our ability to meet demand for our products in a timely and cost effective manner.

We currently depend on single source suppliers for some of the critical components necessary to assemble the CyberKnife and TomoTherapy platforms, including, with respect to the CyberKnife platform, the robot, couch and magnetron and, with respect to the TomoTherapy platforms, the couch, solid state modulator and magnetron. Global supply chain disruptions in parts of our supply chain have occurred and could occur again in the future, causing delays in the receipt of certain component parts for our products and increased pricing pressure for such parts, including with respect to parts purchased from our single-source suppliers, adversely affecting our gross margins and increasing the risk that these supply chain disruptions could materially affect our ability to meet customer demand.

Disruptions caused by ongoing or future global conflicts, including those resulting from conflicts affecting or in close proximity to countries and regions in the Middle East, may result in extended lead times, delays in supplier deliveries, and increasing freight costs. The risk of supply disruptions caused by these factors may further result in delays in the delivery of our products. Furthermore, as a result of the effects of the macroeconomic conditions, including inflation, and supply chain challenges, some of our suppliers have limited or reduced the sale of such components to us or increased the cost of such components to us. If these conditions worsen, or if these suppliers were to experience financial difficulties, additional supply chain or other problems that prevent them from supplying us with the necessary components, we could fail to meet product demand, which could have a material adverse effect on our business, financial condition and results of operations. These sole source and other suppliers could also be subject to quality and performance issues, materials shortages, excess demand, reduction in capacity and other factors that may disrupt the flow of goods to us; thereby adversely affecting our business and customer relationships. If any single-source supplier was to cease delivering components to us or fail to provide the components to our specifications and on a timely basis, we might be required to find alternative sources for these components. The disruption or termination of the supply of components, including as a result of global shortages in important components, have resulted in, and will continue to cause, inflationary pressure on our supply chain and a significant increase in the costs of these components, which have materially affected and could continue to adversely affect our results of operations. In addition, we expect inflation and the ongoing supply chain challenges and logistics costs to impact our cash from operations through at least fiscal year 2027. In some cases, alternative suppliers may be located in the same geographic area as existing suppliers, and are thus subject to the same economic, political and geographic factors that may affect existing suppliers to meet our demand. We may have difficulty or be unable to find alternative sources for these components. Difficulties in obtaining a sufficient supply of component materials could increase as well as the costs associated with such components, and we expect such difficulties to persist through at least fiscal year 2027. As a result, we may be unable to meet the demand for the CyberKnife or TomoTherapy platforms, which could harm our ability to generate revenue and damage our reputation. Even if we do find alternate suppliers, we will be required to qualify any such alternate suppliers and we would likely experience a lengthy delay in our manufacturing processes or a cessation in production, which would result in delays of shipment to end users. We cannot assure you that our single-source suppliers will be able or willing to meet our future demands.

We generally do not maintain large volumes of inventory, which makes us even more susceptible to harm if a single source supplier fails to deliver components on a timely basis or we experience quality issues with the components we do have in inventory, and maintaining our historical levels of inventory has been adversely impacted by the macroeconomic environment. For example, a supplier quality issue resulted in higher than anticipated failure rates for a component in our platforms, which resulted in higher parts consumption costs that adversely affected our financial results in fiscal year 2024. Furthermore, if we are required to change the manufacturer of a critical component of the CyberKnife or TomoTherapy platforms, we will be required to verify that the new manufacturer maintains facilities, procedures and operations that comply with our quality and applicable regulatory requirements and guidelines, which could further impede our ability to manufacture our products in a timely manner. If the change in manufacturer results in a significant change to the product, a new 510(k) clearance would be necessary, which would likely cause substantial delays. The disruption or termination of the supply of key components for the CyberKnife or TomoTherapy platforms could harm our ability to manufacture our products in a timely manner or within budget, harm our ability to generate revenue, lead to customer dissatisfaction and adversely affect our reputation and results of operations.

Failures of components also affect the reliability and performance of our products, can reduce customer confidence in our products, increase service parts consumption, and may adversely affect our financial performance. From time to time, we may receive components that do not perform according to their specifications, which could result in the inability of such customer to utilize our systems in their practices until such components are replaced. Any future difficulty in obtaining reliable component parts could result in increased customer dissatisfaction and adversely affect our reputation, our ability to protect and retain our installed base of customers and results of operations.

We depend on key employees, the loss of whom would adversely affect our business. If we fail to attract and retain employees with the expertise required for our business, we may be unable to continue to grow our business.

We are highly dependent on the members of our senior management, sales, marketing, operations and research and development staff. Changes to management or other key personnel, including recent turnover in our leadership and senior management team, could have an adverse effect on our business. Our future success is substantially dependent upon the performance, contributions and expertise of our executive leadership, senior management team, and other key personnel as well as our ability to retain such employees and to identify, hire and retain additional personnel. Competition for qualified personnel in the medical device industry is intense and finding and retaining qualified personnel with experience in our industry is very difficult. We believe there are only a limited number of individuals with the requisite skills to serve in many of our key positions, and we face significant competition for key personnel and other employees, from other medical equipment and software manufacturers, technology companies, universities and research institutions. Fluctuations in labor availability globally, including labor shortages and staff burnout and attrition, may also impact our ability to hire and retain personnel critical to our manufacturing, logistics, and commercial operations. In addition, no payments were made under the company bonus plan in fiscal year 2026. As a result, we may not be able to retain our existing employees or hire new employees quickly enough to meet our needs. We have experienced, and may continue to experience, turnover in our senior executives and other key personnel. If we are unable to continue to successfully navigate this transition, we may be unable to achieve our strategic priorities. Moreover, we have from time to time conducted reductions in force in order to optimize our organizational structure and reduce costs, some of which were substantial, and certain senior personnel have also departed for various reasons. At the same time, we may face high turnover among employees that are critical to our ongoing operations, requiring us to expend time and resources, including financial resources, to source, train and integrate new employees. The challenging markets in which we compete for talent may also require us to invest significant amounts of cash and equity to attract and retain employees. In addition, a significant portion of our compensation to our key employees is in the form of stock related grants. A prolonged depression in our stock price could make it difficult for us to retain our key and other employees and recruit additional qualified personnel and we may have to pay additional compensation to employees to incentivize them to join or stay with us. We do not maintain, and do not currently intend to obtain, key employee life insurance on any of our personnel. If we fail to hire and retain key personnel and other employees, we may be unable to continue to grow our business successfully.

Disruption of critical information technology systems, infrastructure and data or cyberattacks or other security breaches or incidents could harm our business and financial condition.

Information technology helps us operate more efficiently, interface with customers, maintain financial accuracy and efficiency and accurately produce our financial statements. If we do not allocate and effectively manage the resources necessary to build, sustain and secure the proper technology infrastructure, we could be subject to transaction errors, processing inefficiencies, the loss of customers, business disruptions or the loss, unavailability of or damage to data and intellectual property through a cyberattack (including ransomware and other attacks) or other security breaches or incidents. While management is committed to identifying cybersecurity risks and working to address them through oversight of data security by our Chief Information Security Officer and implementation of various technical safeguards, procedural requirements and policies, regardless of the resources we allocate and the effectiveness with which we manage them, we face a risk of cyberattacks and other security breaches and incidents. Any cyberattacks or other security breaches or incidents we suffer could expose us to a risk of lost, unavailable, or corrupted information, unauthorized disclosure or other processing of information, claims, litigation and possible liability to employees, customers and others, and investigations and proceedings by regulatory authorities. Cyberattacks and other means of creating security breaches and incidents or disruptions continue to increase in frequency, sophistication, and intensity and are becoming increasingly difficult to detect on a timely basis or otherwise, especially as they relate to attacks on third-party providers or their vendors. Such attacks are often carried out by motivated and highly skilled actors, who are increasingly well-resourced. Techniques used to compromise or sabotage systems, including the use of advanced technologies, such as machine learning or artificial intelligence (“AI”) change frequently, may originate from less regulated and remote areas of the world, may be difficult to detect, and generally are not recognized until after they are launched against a target. As a result, we may be unable to anticipate these techniques or implement adequate preventative measures. Additionally, cyberattack activity may be heightened in connection with international conflicts and geopolitical tensions. Further, advanced technologies such as AI technologies that efficiently identify and exploit security vulnerabilities are being leveraged in manners that may increase the likelihood of security incidents and the impacts of security incidents that occur. In addition to potential exposure to cyberattacks, security incidents, or other actions that may compromise the security of or interfere with the function of our products, defects or vulnerabilities in the software or systems of our third-party vendors may expose failures in our internal controls and risk management processes, which may adversely impact our business, financial condition, results of operations, or cash flows and may also harm our reputation, brand, and customer relationships.

If our data management systems or those of our third-party providers do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies, computer viruses, security breaches or incidents, cyberattacks, catastrophic events or human error, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations will be impaired, perhaps materially. Any such impairment could materially and adversely affect our financial condition, results of operations, cash flows and the timeliness with which we internally and externally report our operating results. As a result, our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving legal and regulatory standards, the increasing need to protect patient and customer information, and the information technology needs associated with our changing products and services. There can be no assurance that our process of consolidating the number of systems we operate, upgrading and expanding our information systems capabilities, continuing our efforts to build security into the design of our products, protecting and enhancing our systems and developing new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future, or that we will not suffer from disruptions or other systems issues even if we devote substantial resources and personnel to these efforts.

There can be no assurance that any efforts we make to prevent privacy or security breaches or incidents have been or will be able to prevent breakdowns or breaches or incidents in our systems or those of our third-party service providers that could adversely affect our business. In addition, privacy and security breaches and incidents arising from errors, malfeasance or misconduct by employees, contractors or others with permitted access to our systems may pose a risk that sensitive data, including individually identifiable data, may be exposed to unauthorized persons or to the public and may compromise our security systems. Third parties may also attempt to fraudulently induce employees or customers into disclosing usernames, passwords or other sensitive information, which may in turn be used to access our information technology systems. For example, our employees have received in the past and likely will continue to receive “phishing” e-mails attempting to induce them to divulge sensitive information. We may also face increased cybersecurity risks due to our reliance on internet technology and many of our employees working remotely at least part of the time, which may create additional opportunities for cybercriminals to exploit vulnerabilities. In addition, adversaries might attempt to gain unauthorized access to our products or systems to obtain personal data relating to patients or employees, our confidential or proprietary information or confidential information we hold on behalf of third parties, which, if successful, could pose a risk of loss, unavailability, or corruption of, or unauthorized access to or acquisition of, data, risk to patient safety and risk of product recall. The techniques used to obtain unauthorized access to our systems change frequently and may be difficult to detect, and we may not be able to anticipate and prevent these intrusions or mitigate them when they occur. Third-party service providers store and otherwise process certain personal data and other confidential or proprietary information of ourselves and third parties on our behalf, and these service providers face similar risks. In addition, our employees, third-party service providers, strategic partners, or other contractors or consultants may input personal or confidential information, or other business data of ours, into an AI system (in particular, a system that is managed, owned, or controlled by a third-party), which may disrupt and otherwise compromise our business operations, divert the attention of management and key information technology resources, potentially lead to security breaches or incidents or other unauthorized access to, or other use or processing of, personal information, our confidential information or other business data. Moreover, we manufacture and sell hardware and software products that allow our customers to store confidential information about their patients. Both types of products are often connected to and reside within our customers’ information technology infrastructures. We do not manage or control our customers’ information technology environments, networks, endpoint security systems, or information stored within their systems, which remain the responsibility of our customers. Our ability to remediate vulnerabilities in products deployed at customer sites might also be affected by customer-controlled technology environments, the availability and adoption of product upgrades, and the time and operational disruption required to implement updates. Our customers are also continually updating their cybersecurity standards for the products that they purchase. While we have implemented security measures designed to protect our hardware and software products from unauthorized access and cyberattacks, these measures may not meet the standards set by our customers or be effective in securing these products, particularly since techniques used to obtain unauthorized access, or to sabotage systems, change frequently and may not be recognized until launched against a target. A network security or systems security breach or incident suffered by ourselves or our third-party service providers or other events that cause the loss or unauthorized use or disclosure of, or access by third parties to, sensitive information stored by us or our customers could result in loss, unavailability, or unauthorized acquisition, modification, or other processing of data, and any such events, or the perception that these events have occurred or that our security measures for our products are lacking, could have serious negative consequences for our business, including indemnity obligations, possible fines, penalties and damages, reduced demand for our products and services, an unwillingness of our customers to use our products or services, harm to our reputation and brand, and time consuming and expensive litigation, any of which could have an adverse effect on our business, financial condition, and operating results.

Frequently changing attack techniques, together with the increasing volume and sophistication of attacks, could adversely affect our ability to identify, investigate, contain and recover from cybersecurity incidents. Attackers increasingly use tools and techniques designed to circumvent controls, identify and exploit vulnerabilities, avoid detection, and remove or obscure forensic evidence, including through evolving AI technologies. These developments may increase both the likelihood and potential impact of successful attacks and could result in reputational, competitive, operational or other business harm, as well as financial costs, claims, litigation and regulatory action.

While we do maintain insurance coverage that is intended to address certain aspects of data security risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise.

Any actual or perceived failure by us to comply with legal or regulatory requirements related to privacy, cybersecurity and data protection in one or multiple jurisdictions could result in proceedings, actions or penalties against us.

There are numerous state, federal and foreign laws, regulations, decisions and directives regarding privacy and the collection, storage, transmission, use, processing, disclosure and protection of personal information and other data, the scope of which is continually evolving and subject to differing interpretations. Our worldwide operations mean that we are subject to privacy, cybersecurity and data protection laws and regulations in many jurisdictions to varying degrees, and that some of the data we process, store and transmit may be transmitted across countries. For example, in the U.S., privacy and security rules implementing the Health Insurance Portability and Accountability Act ("HIPAA") require us as a business associate, in certain instances, to protect the confidentiality of patient health information, and the Federal Trade Commission has consumer protection authority, including with regard to privacy and cybersecurity. In Europe, the GDPR imposes several stringent requirements for controllers and processors of personal data that impose substantial obligations and, in the event of violations, may impose significant fines of up to the greater of 4% of worldwide annual revenue or €20 million. In the UK, the Data Protection Act of 2018 and the UK GDPR collectively implement material provisions of the GDPR and provide for penalties for noncompliance of up to the greater of £17.5 million or four percent of worldwide revenues.

Data transfer and localization requirements also appear to be increasing and becoming more complex. With regard to transfers to the U.S. of personal data from our employees and European customers and users, both the EU-U.S. Privacy Shield and standard contractual clauses issued by the European Commission (the "EU SCCs") have been subject to legal challenge. In July 2020, the Court of Justice of the European Union ("CJEU") released a decision in the Schrems II case (Data Protection Commissioner v. Facebook Ireland, Schrems) (the "CJEU Decision"), declaring the EU-U.S. Privacy Shield invalid and imposing additional obligations in connection with the use of the EU SCCs, another mechanism for cross-border personal data transfers from the European Economic Area ("EEA"). Although the EU SCCs remain a valid means to transfer personal data from the EEA, the CJEU imposed additional obligations in connection with their use and, on June 4, 2021, the European Commission issued revised EU SCCs that address certain concerns of the CJEU. The United Kingdom also has issued new standard contractual clauses (the "UK SCCs") that became effective March 21, 2022, and which are required to be implemented. In March 2022, the EU and U.S. reached an agreement in principle on a new EU-U.S. Data Privacy Framework ("DPF"). In October 2022, the U.S. issued an executive order in furtherance of the DPF, on which basis the European Commission adopted an adequacy decision with respect to the DPF in July 2023, allowing its implementation and availability for companies to use to legitimize transfers of personal data from the E.U. to the U.S. It remains unclear, however, whether this framework will be appropriate for us to rely upon. The DPF has faced a legal challenge and it may be subject to additional challenges. Additionally, the European Commission's adequacy decision regarding the DPF provides that the DPF will be subject to future reviews and may be subject to suspension, amendment, repeal, or limitations to its scope by the European Commission. These and other developments relating to cross-border data transfer may require us to implement additional contractual and technical safeguards for any personal data transferred out of various jurisdictions, which may increase compliance costs, lead to increased regulatory scrutiny or liability, may require additional contractual negotiations, and may adversely impact our business, financial condition and operating results.

Other jurisdictions have adopted laws and regulations addressing privacy, data protection, data security, or other aspects of data processing, such as data localization. For example, the People's Republic of China ("PRC") and Russia have passed laws that require individually identifiable data on their citizens to be maintained on local servers and that may restrict transfer or processing of that data if certain data quantity thresholds are triggered. Additionally, the Personal Information Protection Law ("PIPL") of the PRC went into effect on November 1, 2021. The PIPL shares similarities with the GDPR, including extraterritorial application, data minimization, data localization, and purpose limitation requirements, and obligations to provide certain notices and rights to citizens of the PRC. The PIPL allows for fines of up to 50 million Renminbi or 5% of a covered company's revenue in the prior year. We may be required to modify our policies, procedures, and data processing measures in order to address requirements under these or other privacy, data protection, or cybersecurity regimes, and may face claims, litigation, investigations, or other proceedings regarding them and may incur related liabilities, expenses, costs, and operational losses.

Further, the U.S. government has undertaken an evaluation of national security concerns and other risks relating to the transfer of personally identifiable information from the United States to countries of concern, including China and Russia. In 2019, an executive order citing national security risks in the telecommunications sector served to block U.S. companies from buying certain information and communications technology or services sourced from foreign adversary countries such as China or Russia when the Commerce Department deems such products or services as posing undue or unacceptable risks to U.S. national security. On June 9, 2021, U.S. President Biden signed an executive order instituting a framework for determining national security risks of transactions that involve applications connected to governments or militaries of certain foreign adversaries or that collect sensitive personal data from U.S. consumers. On February 28, 2024, U.S. President Biden issued an executive order to build upon those previous orders by restricting access to bulk sensitive personal data and U.S. government-related data by countries of concern. The Department of Justice (DOJ) used authority under those executive orders to issue Data Security Program rules that took effect in April 2025 and prohibit or restrict the sharing of bulk U.S. sensitive personal data with recipients who are located in or affiliated with countries of concern, which are defined to include China and Russia. If our operations, including those involving the processing of U.S.-collected data such as medical imagery, through the JV in China, cause us to become subject to executive orders, sanctions, or other measures that ban or otherwise restrict transfer of data to the JV in China, it may increase costs as we seek operational and data processing alternatives.

New and proposed privacy, cybersecurity, and data protection laws are also providing new rights to individuals and increasing the penalties associated with non-compliance. For example, the California Consumer Privacy Act (the "CCPA"), which became effective on January 1, 2020, imposes stringent data privacy and data protection requirements regarding the personal information of California residents, and provides for penalties for noncompliance of up to $7,500 per violation, as well as a private right of action from individuals in relation to certain security breaches.

The California Privacy Rights Act ("CPRA"), approved by California voters in November 2020, became effective on January 1, 2023. The CPRA, which significantly modified the CCPA, has resulted in further uncertainty and may require us to incur additional costs and expenses in an effort to comply. We will continue to monitor developments related to the CPRA and anticipate additional costs and expenses associated with CPRA compliance. The enactment of the CCPA, as modified by the CPRA, is prompting a wave of similar legislative developments in other states in the U.S., which could potentially create a patchwork of overlapping but different state laws. For example, Virginia, Colorado, Utah, and Connecticut all have enacted state laws that became effective in 2023; Texas, Montana, Oregon, and Florida have adopted laws that became effective in 2024, Delaware, Iowa, Maryland, Minnesota, Nebraska, New Hampshire, New Jersey and Tennessee have adopted laws that became effective in 2025; Indiana, Kentucky, and Rhode Island have adopted laws that became effective in 2026; Alabama, Louisiana, and Oklahoma have adopted laws that will become effective in 2027; and Vermont has adopted a law that will become effective in 2028. These new state laws share similarities with the CCPA, CPRA, and legislation proposed in other states. Other states have enacted other types of privacy legislation, such as Washington's My Health, My Data Act, which includes a private right of action. Additionally, the U.S. federal government is contemplating privacy legislation. We cannot fully predict the impact of the CCPA, CPRA, or other new or proposed legislation on our business or operations, but the restrictions imposed by these laws and regulations may require us to modify our data handling practices and impose additional costs and burdens, including risks of regulatory fines, litigation and associated reputational harm. In addition, U.S. and international laws that have been applied to protect consumer privacy (including laws regarding unfair and deceptive practices in the U.S. and GDPR in the EU) may be subject to evolving interpretations or applications in light of privacy developments. As a result, we may be subject to significant consequences, including penalties and fines, for any failure to comply with such laws, regulations and directives.

Privacy, cybersecurity and data protection legislation around the world is comprehensive and complex and there has been a trend towards more stringent enforcement of requirements regarding protection and confidentiality of personal data. The restrictions imposed by such laws and regulations may limit the use and adoption of our products and services, reduce overall demand for our products and services, require us to modify our data handling practices and impose additional costs and burdens. With increasing enforcement of privacy, cybersecurity and data protection laws and regulations, there is no guarantee that we will not be subject to investigation, enforcement actions or other proceedings by governmental bodies or that our costs relating to privacy, data protection or cybersecurity laws and regulations will not increase significantly. Enforcement actions, investigations and other proceedings can be costly, require significant time and attention of management and other personnel and interrupt regular operations of our business. In addition, there has been a developing trend of civil lawsuits and class actions relating to breaches of consumer data held by large companies. While we have not been named in any such suits, we may be in the future, including if we were to suffer a security breach or incident. Any inability to adequately address concerns relating to privacy, data protection or cybersecurity, even if unfounded, or to comply with applicable laws, regulations, policies, industry standards, contractual obligations or other legal obligations could result in additional cost and liability to us, damage our reputation, inhibit sales and adversely affect our business. Our actual or alleged failure to comply with applicable laws and regulations could result in investigation, enforcement actions or other proceedings against us, including fines and public censure, claims for damages by customers and other affected individuals, damage to our reputation and loss of goodwill (both in relation to existing customers and prospective customers), any of which could harm our business, results of operations and financial condition.

We have incorporated and continue to work to further incorporate artificial intelligence into our products, services, and internal operations. Implementation of artificial intelligence and machine learning technologies may result in legal and regulatory risks, reputational harm, or other adverse consequences to our business.

We have integrated AI, including machine learning, in certain of our products, services and internal operations. For example, we are developing AI-enabled tools intended to support predictive maintenance and faster diagnostics. Some of the uses in our internal operations include using AI to help detect and respond to abnormalities that could indicate a part is about to break, provide our service engineers support on information about parts, analyzing datasets, creating documents for internal purposes, and develop processes for internal departments to manage internal workflows. Further, certain of our third-party vendors utilize AI and machine learning technologies in furnishing services to us. As with many technological innovations, as we leverage AI and machine learning tools to increase productivity and innovation, we also face potential risks from the use of such AI and machine learning tools. Our, or our customers' sensitive, proprietary, or confidential information could be leaked, disclosed, or revealed as a result of or in connection with employees' or vendors' use of generative AI technologies. In addition, we may use AI outputs to inform certain decisions, and AI models may create incomplete, inaccurate, or otherwise flawed outputs, some of which may appear correct. Due to the potential flaws in the use of AI, we could make incorrect decisions, including decisions that could bias certain individuals or classes of individuals and adversely impact their rights. Additionally, our products utilize, and we plan to further examine, develop and introduce, machine learning algorithms, predictive analytics, and other AI technologies to offer new or upgraded solutions and enhance our capabilities. Developing, testing and deploying AI technologies may require additional investment and increase our costs. If these AI or machine learning models are incorrectly designed or ineffectively integrated, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws or contracts to which we are a party.

In addition, intellectual property protection in the field of AI is still developing, and there is uncertainty and ongoing litigation in different jurisdictions as to the degree and extent of protection warranted for AI technologies and relevant system input and outputs. If we fail to obtain protection for the intellectual property rights concerning our AI technologies, or later have our intellectual property rights invalidated or otherwise diminished, our competitors may be able to take advantage of our research and development efforts to develop competing products, which could adversely affect our business, reputation, financial condition, or results of operations.

Additionally, new and evolving laws and regulations related to the development and use of AI and machine learning technologies have been proposed, and in certain cases enacted, in various jurisdictions in which we operate, including the United States, and the EU has adopted an AI Act that adopts an overall regulatory framework for AI. These laws and regulations may impose onerous obligations and may require us to unexpectedly rework or reevaluate improvements to be compliant. For example, as the FDA and other regulatory authorities continue to develop their policies around AI, it is possible that medical products using AI and machine learning will become subject to significant additional regulatory oversight. The cost to comply with such laws, regulations, decisions, and guidance on these laws as well as any adjustments to our business plans or operations based on changes to how such laws are enforced, could be significant and could increase our operating expenses. Use of AI technologies may expose us to an increased risk of regulatory enforcement and litigation. Moreover, some of the AI features involve the processing of personal data and may be subject to laws, policies, legal obligations, and codes of conduct related to privacy and data protection. Such increase in expenses, as well as any actual or perceived failure to comply with such laws and regulations, could adversely affect our business, financial condition, and results of operations.

Though we have taken steps to be thoughtful in our development, training, implementation, and use of AI and machine learning technologies, it could pose certain risks to our customers, including patients, clinicians, and healthcare institutions, and it is not guaranteed that regulators will agree with our approach to limiting these risks or to our compliance more generally. Risks can include, but are not limited to, the potential for errors or inaccuracies in the algorithms or models used by AI, the potential for bias or inaccuracies in the data used to train the AI, the potential for improper processing of personal information, and the potential for cybersecurity breaches that could compromise patient data or product functionality. Such risks could negatively affect the performance of our products, services, and business, as well as our reputation and the reputations of our customers, and we could incur liability through the violation of laws or contracts to which we are a party or civil claims.

Continued consolidation in the healthcare industry could have an adverse effect on our business, financial condition, or results of operations.

The healthcare industry has been consolidating, and organizations continue to consolidate purchasing decisions for many of our customers, particularly in the United States. Numerous initiatives and reforms by legislators, regulators, and third-party payors to curb the rising cost of healthcare have catalyzed a consolidation of aggregate purchasing power within the markets in which we sell our products. As the healthcare industry consolidates, competition to provide products and services is expected to continue to intensify, resulting in pricing pressures and decreased average selling prices. In addition, for smaller hospitals or groups that do not consolidate with larger networks, these entities may face increasing cost and/or competitive pressures, which could impact their ability to purchase additional products and services from us or make contractual payments over time. We expect that market demand, government regulation, third-party payor coverage and reimbursement policies, government contracting requirements, new entrants, technology, and societal pressures will continue to change the worldwide healthcare industry, resulting in further consolidation, which may exert further downward pressure on prices of our products and services and may have a material adverse impact on our business, financial condition, or results of operations.

If third-party payors do not provide sufficient coverage and reimbursement to healthcare providers for use of the CyberKnife and TomoTherapy platforms or if the number of patients covered by health insurance reduces, demand for our products and our revenue could be adversely affected.

Our customers rely significantly on reimbursement from public and private third-party payors for CyberKnife and TomoTherapy platform procedures. Our ability to commercialize our products successfully and increase market acceptance of our products will depend in significant part on the extent to which public and private third-party payors provide adequate coverage and reimbursement for procedures that are performed with our products and the extent to which patients that are treated by our products continue to be covered by health insurance. Third-party payors may establish or change the reimbursement for medical products and services that could significantly influence the purchase of medical products and services. If reimbursement policies or other cost containment measures are instituted in a manner that significantly reduces the coverage or payment for the procedures that are performed with our products or if there is a prolonged reduction in the number of patients eligible to be treated by our products that are covered by health insurance, our revenue may decline, our existing customers may not continue using our products or may decrease their use of our products, and we may have difficulty obtaining new customers. Such actions would likely have a material adverse effect on our operating results.

In addition, the Centers for Medicare and Medicaid Services (“CMS”) reviews reimbursement rates annually and may implement significant changes in future years, which could discourage existing and potential customers from purchasing or using our products. Further, outside of the U.S., reimbursement practices vary significantly by country. Market acceptance of our products may depend on the availability and level of coverage and reimbursement in any country within a particular time.

The safety and efficacy of our products for certain uses is not yet supported by long-term clinical data, and our products may therefore prove to be less safe and effective than initially thought.

Although we believe that the CyberKnife and TomoTherapy platforms have advantages over competing products and technologies, we do not have sufficient clinical data demonstrating these advantages for all tumor indications. In addition, we have limited five-year patient survival rate data, which is a common long-term measure of clinical effectiveness in cancer treatment. We also have limited clinical data directly comparing the effectiveness of the CyberKnife platform to other competing platforms. Future patient studies or clinical experience may indicate that treatment with the CyberKnife platform does not improve patient survival or outcomes relative to other platforms.

Likewise, because the TomoTherapy platform has been on the market since 2003, we have limited complication or patient survival rate data with respect to treatment using the systems for all clinical indications. If future patient studies or clinical experience do not support our beliefs that the TomoTherapy platform offers a more advantageous treatment for a wide variety of cancer types, use of the systems could fail to increase or could decrease, and our business would therefore be adversely affected.

Such results could reduce the rate of reimbursement by both public and private third-party payors for procedures that are performed with our products, slow the adoption of our products by physicians, significantly reduce our ability to achieve expected revenues and could prevent us from being profitable. In addition, if future results and experience indicate that our products cause unexpected or serious complications or other unforeseen negative effects, the FDA could rescind our clearances, our reputation with physicians, patients and others may suffer and we could be subject to significant legal liability.

We are reliant on the timely, accurate, and consistent provision of outsourced services for various services and business functions, as well as third parties who perform shipping and logistics functions on our behalf. Failures, disruptions, terminations, or replacements of our outsourcing providers or our logistics providers have occurred and could occur in the future, which could adversely impact our business.

Our strategy to maintain or reduce our costs of operations includes the implementation of certain business process outsourcing initiatives for the provision and support of certain internal business functions. We may have limited control over these third parties, and we cannot guarantee that they will perform their obligations in an effective and timely manner. Our operations may be adversely affected if there is a failure, disruption, or malfunction (including cybersecurity breaches and other risks) in the provision of such outsourced services, or if the relationship with or services provided by such vendors are terminated in whole or in part. Further, we may not be able to find an alternative vendor in a timely manner, on acceptable terms, or that can provide adequate services or functionality. Our use of outsourced service providers may also create dependencies on these third-party vendors and may result in the loss of internal capabilities, expertise, and institutional knowledge over time. If we are required or elect to replace a provider, transition services to another provider, or perform such services internally, we may experience operational disruptions, increased costs, delays, and reduced effectiveness in performing those functions. Additionally, if any of these third-party vendors fail to implement proper controls to meet our industry's regulatory requirements, violate laws, do not fulfill their contractual obligations, or act inappropriately in conducting their services on our behalf, our operations and reputation could be negatively impacted and result in regulatory fines and penalties.

Outsourcing may also require us to change our existing operations or adopt new processes for providing or managing such services. If there are delays or difficulties in changing business processes or our third-party vendors do not perform as expected, it may delay our ability to realize the anticipated functionality or benefits of these relationships. Terminating or transitioning, in whole or in part, arrangements with vendors could result in additional costs or penalties, risks of operational delays and interruptions, or potential errors and control issues during the termination or transition phase. If we experience an interruption or loss of access to data resulting from a malfunction, termination, transition or other disruption in outsourced services, our business and results of operations could be materially and adversely impacted.

In addition, customer service is a critical element of our sales strategy. Third-party logistics providers store most of our spare parts inventory in depots around the world and perform a significant portion of our spare parts logistics and shipping activities. Our logistics providers may terminate their relationship with us, suffer an interruption in their business, including as a result of macroeconomic factors, significantly increase fees for services or experience delays, disruptions or quality control problems in their operations, or we may have to change and qualify alternative logistics providers for our spare parts. For example, in recent years, we have experienced delays in shipment of parts to customers as well as increased freight and logistics expenses due to macroeconomic factors and these impacts could intensify. These delays and increased costs have adversely affected our gross margins and net income (loss) and we currently expect such delays and increased costs to continue through at least fiscal year 2027. If this continues for longer than we expect or if any of the above occurs, our customers may experience further delays and higher costs and our reputation, business, financial condition and results of operations, including our ability to recognize revenue, may be adversely affected.

Third parties may claim we are infringing their intellectual property or that we are operating outside the scope of or violating a license or other agreement relating to their intellectual property, and we could suffer significant audit, litigation or licensing expenses, incur liabilities associated with indemnification obligations to customers, experience disruptions in the supply of components of our products or related services, or be prevented from selling our product or components of our product.

The medical device industry is characterized by a substantial amount of litigation over patent and other intellectual property rights. In particular, the field of radiation treatment of cancer is well-established and crowded with the intellectual property of competitors and others. We also expect that other participants will enter the field. A number of companies in our market, as well as universities and research institutions, have issued patents and have filed patent applications that relate to the use of radiation therapy and stereotactic radiosurgery to treat cancerous and benign tumors.

Determining whether a product infringes a patent involves complex legal and factual issues, and the outcome of patent litigation actions is often uncertain. We have not conducted an extensive search of patents issued to third parties, and no assurance can be given that third-party patents containing claims covering our products, parts of our products, technology or methods do not exist, have not been filed, or could not be filed or issued. Because of the number of patents issued and patent applications filed in our technical areas or fields, our competitors or other third parties may assert that our products and the methods we employ in the use of our products are covered by U.S. or foreign patents held by them.

In addition, because patent applications can take many years to issue and because publication schedules for pending applications vary by jurisdiction, there may be applications now pending of which we are unaware, and which may result in issued patents that our current or future products infringe. Also, because the claims of published patent applications can change between publication and patent grant, there may be published patent applications that may ultimately issue with claims that we infringe. There could also be existing patents that one or more of our products or parts may infringe and of which we are unaware. As the number of competitors in the market for less invasive cancer treatment alternatives grows, and as the number of patents issued in this area grows, the possibility of patent infringement claims against us increases. Regardless of the merit of infringement claims, they can be time-consuming and result in costly litigation and diversion of technical and management personnel. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise funds, if necessary, to continue our operations.

Also, because we purchase major components and software for each of our products from third-party suppliers and manufacturers, we face the additional risk that infringement claims may be brought against us based on patents and other intellectual property rights that are embodied or contained in, or practiced by, those components (including software components) that we obtain from third parties, and any such claims against us, such as by our direct and indirect suppliers, may additionally allege that we are operating outside the scope of or violating a license or other agreement relating to their intellectual property. These third-party suppliers or manufacturers may terminate their licenses with us for a variety of reasons, including actual or perceived failures or breaches of contractual commitments, or they may choose not to renew their licenses with us. The loss of, or inability to obtain, certain third-party licenses or other rights, including the right to resell, or to obtain such licenses or rights on favorable terms, or the need to engage in litigation regarding these matters, could affect the operability or performance of our products until equivalent technology can be identified, licensed or developed, if at all, and integrated into our products, and it may have a material adverse effect on our business, financial condition, and results of operations.

In the event that we become subject to a patent infringement or other intellectual property lawsuit and if the relevant patents or other intellectual property were upheld as valid and enforceable and we were found to infringe or violate the terms of a license or other agreement to which we are a party, we could be subject to third-party audit, experience disruptions in the supply of third-party components or related services, or be prevented from selling our products (or components of our products) unless we obtain a license or are able to redesign the product to avoid infringement. Required licenses may not be made available to us on acceptable terms or at all. If we are unable to obtain a license or successfully redesign our system, we might be prevented from selling such system. If there is an allegation or determination that we have infringed the intellectual property rights of a competitor or other person, we may be required to pay damages, pay ongoing royalties or otherwise settle such matter upon terms that are unfavorable to us. In these circumstances, we may be unable to sell our products at competitive prices or at all, and our business and operating results could be harmed.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the medical device industry, we employ individuals who were previously employed at other medical equipment or biotechnology companies, including our competitors or potential competitors. We may be subject to claims that we or those employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against claims of this nature, litigation could result in substantial costs and be a distraction to management.

It is difficult and costly to protect our intellectual property and our proprietary technologies and we may not be able to ensure their protection.

Our success depends significantly on our ability to obtain, maintain and protect our proprietary rights to the technologies used in our products. As of September 30, 2026, we owned 496 U.S. and foreign patents and 46 U.S. and foreign patent applications. Patents and other proprietary rights provide uncertain protections, and we may be unable to protect our intellectual property. For example, we may be unsuccessful in defending our patents and other proprietary rights against third-party challenges. As key patents expire, our ability to prevent competitors from copying our technology may be limited. In addition, patent reform legislation or precedent could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

In addition to patents, we rely on a combination of trade secrets, copyright and trademark laws, nondisclosure agreements and other contractual provisions and technical security measures to protect our intellectual property rights. These measures may not be adequate to safeguard the technology underlying our products, including in case of a security breach involving our intellectual property. If these measures do not protect our rights adequately, third parties could use our technology, and our ability to compete in the market would be reduced. Although we have attempted to obtain patent coverage for our technology where available and appropriate, there are aspects of the technology for which patent coverage was never sought or never received. There also may be countries in which we sell or intend to sell the CyberKnife or TomoTherapy platforms but have no patents or pending patent applications. Our ability to prevent others from making or selling duplicate or similar technologies will be impaired in those countries in which we have no patent protection. Although we have several issued patents in the U.S. and in foreign countries protecting aspects of the CyberKnife and TomoTherapy platforms, our pending U.S. and foreign patent applications may not issue, may issue only with limited coverage or may issue and be subsequently successfully challenged by others and held invalid or unenforceable. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Patent protection must ultimately be sought on a country-by-country basis, which is an expensive and time consuming process with uncertain outcomes. Accordingly, we may choose not to seek patent protection in certain countries, and we will not have the benefit of patent protection in such countries.

Similarly, our issued patents and those of our licensors may not provide us with any competitive advantages. Competitors may be able to design around our patents or develop products which provide outcomes comparable or superior to ours. Our patents may be held invalid or unenforceable as a result of legal challenges by third parties, and others may challenge the inventorship or ownership of our patents and pending patent applications. In addition, the laws of some foreign countries, such as China where the JV operates, may not protect our intellectual property rights to the same extent as do the laws of the United States and, even if they do, uneven enforcement and procedural barriers may exist in such countries. In the event a competitor or other third-party infringes upon our patent or other intellectual property rights or otherwise misappropriates such rights, enforcing those rights may be difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention from our core business. Damage awards resulting from successful litigation in foreign jurisdictions may not be in amounts commensurate with damage awards in the U.S. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents against a challenge. In addition, we may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially valuable. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert claims against us.

We also license patent and other proprietary rights to aspects of our technology to third parties in fields where we currently do not operate as well as in fields where we currently do operate. Disputes with our licensees may arise regarding the scope and content of these licenses. Further, our ability to expand into additional fields with our technologies may be restricted by our existing licenses or licenses we may grant to third parties in the future.

Additionally, we have written agreements with collaborators regarding the ownership of intellectual property arising from our collaborations. These agreements generally provide that we must negotiate certain commercial rights with collaborators with respect to joint inventions or inventions made by our collaborators that arise from the results of the collaboration. In some instances, there may not be adequate written provisions to clearly address the resolution of intellectual property rights that may arise from a collaboration. If we cannot successfully negotiate sufficient ownership and commercial rights to the inventions that result from our use of a third-party collaborator's materials where required, or if disputes otherwise arise with respect to the intellectual property developed with the use of a collaborator's technology, we may be limited in our ability to utilize these intellectual property rights. In addition, we may face claims by third parties that our agreements with employees, contractors or consultants obligating them to assign intellectual property to us are ineffective or in conflict with prior or competing contractual obligations of assignment, which could result in ownership disputes regarding intellectual property we have developed or will develop and interfere with our ability to capture the commercial value of such intellectual property. Litigation may be necessary to resolve an ownership dispute, and if we are not successful, we may be precluded from using certain intellectual property or may lose our exclusive rights in that intellectual property. Either outcome could harm our business.

The policies and procedures we have in place to protect our trade secrets may not be effective in preventing misappropriation of our trade secrets by others. In addition, confidentiality agreements executed by our employees, consultants and advisors may not be enforceable or may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure. Litigating a trade secret claim is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets. Moreover, our competitors may independently develop equivalent knowledge methods and know-how. If we are unable to protect our intellectual property rights, we may be unable to prevent competitors from using our own inventions and intellectual property to compete against us and our business may be harmed.

Unfavorable results of legal proceedings could materially and adversely affect our financial condition.

We are and may become a party to legal proceedings, claims, investigations, demands and other legal matters in the ordinary course of business or otherwise including intellectual property, product liability, employment, class action, whistleblower and other litigation claims, and governmental and other regulatory investigations and proceedings. These legal proceedings, claims and other legal matters, regardless of merit, may be costly, time-consuming and require the attention of key management and other personnel. The outcomes of such matters are uncertain and difficult to predict. If any such matters are adjudicated against us, in whole or in part, we may be subject to substantial monetary damages, disgorgement of profits and injunctions that prevent us from operating our business, any of which could materially and adversely affect our business and financial condition. We cannot guarantee that our insurance coverage will be sufficient to cover any damages awarded against us. Further, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to our reputation, which could adversely impact our business.

Because the majority of our product revenue is derived from sales of the CyberKnife and TomoTherapy platforms, which have a long and variable sales and installation cycle, our revenues and cash flows may be volatile and difficult to predict.

Our primary products are the CyberKnife and TomoTherapy platforms. We expect to generate substantially all of our revenue for the foreseeable future from sales of and service contracts for the CyberKnife and TomoTherapy platforms. The CyberKnife and TomoTherapy platforms have lengthy sales and purchase order cycles because they are major capital equipment items and require the approval of senior management at purchasing institutions. In addition, sales to some of our customers are subject to competitive bidding or public tender processes. These approval and bidding processes can be lengthy. Selling our systems, from first contact with a potential customer to a complete order, generally spans six months to 30 months and involves personnel with multiple skills. The sales process in the U.S. typically begins with pre-selling activity followed by sales presentations and other sales related activities. After the customer has expressed an intention to purchase a CyberKnife or TomoTherapy platform, we negotiate and enter into a definitive purchase contract with the customer. The negotiation of terms that are not standard for Accuray typically requires additional time and approvals. Typically, following the execution of the contract, the customer begins the building or renovation of a radiation-shielded facility to house the CyberKnife or TomoTherapy platform, which together with the subsequent installation of the CyberKnife or TomoTherapy platform, can take up to 24 months to complete. In order to construct this facility, the customer must typically obtain radiation device installation permits, which are granted by state and local government bodies, each of which may have different criteria for permit issuance. If a permit was denied for installation at a specific hospital or treatment center, our CyberKnife or TomoTherapy platform could not be installed at that location. In addition, some of our customers are cancer centers or facilities that are new, and in these cases, it may be necessary for the entire facility to be completed before the CyberKnife or TomoTherapy platform can be installed, which can result in additional construction and installation delays. Our sales and installations of CyberKnife and TomoTherapy platforms tend to be heaviest during the third month of each fiscal quarter.

Under our revenue recognition policy, we recognize revenue attributable to a CyberKnife or TomoTherapy platform and related upgrades when control of a platform or upgrade is transferred, which generally happens when a system or upgrade is shipped, while an element of installation is deferred until performed. Events beyond our control may delay shipment or installation and the satisfaction of contingencies required to receive cash inflows and recognition of revenue associated with shipment or installation. Such events may include a delay in the construction at the customer site or customer delay in obtaining receipt of regulatory approvals such as certificates of need. In addition, disruption in operations of certain customers caused by macroeconomic factors have resulted in delays in construction, shipment or installation and some have failed to timely pay their obligations when due. For example, reduced budgets and lower capital deployment priority for radiotherapy equipment, along with longer customer installation timelines, in the United States have negatively impacted our net revenue since fiscal year 2024, and we expect this will continue to affect us. If the events which are beyond our control delay the customer from obtaining funding or financing of the entire transaction, we may not be able to recognize revenue for the sale of the entire system because the collectability of contract consideration is not reasonably assured.

The long sales cycle, together with delays in the shipment of CyberKnife and TomoTherapy platforms or customer cancellations that could affect our ability to recognize revenue, could adversely affect our cash flows and revenue, which would harm our results of operations and may result in significant fluctuations in our reporting of quarterly revenues. Our historical experience indicates that some of our customers will cancel or renegotiate contracts as economic conditions change or when product offerings change during the long sales cycle. We anticipate a portion of our open contracts may never result in revenue recognition primarily due to the long sales cycle and factors outside of our control including changes in customers' needs or financial condition, changes in government or health insurance reimbursement policies or changes to regulatory requirements. As a result of these fluctuations, it is likely that in some future quarters, our operating results will fall below the expectations of securities analysts or investors. If that happens, the market price of our stock would likely decrease. These fluctuations also mean that you will not be able to rely upon our operating results in any particular period as an indication of future performance.

We depend on third-party distributors to market and distribute our products in international markets. If our distributors fail to successfully market and distribute our products, our business will be materially harmed.

We have strategic relationships with a number of key distributors for sales and service of our products in certain foreign countries, including the JV in China and other third-party distributors in other regions, including Europe, Russia, the Middle East, Africa, the Asia Pacific region, and Latin America. Many of the countries in these regions are not highly developed at this time and therefore, sales opportunities may be limited. We cannot control the efforts and resources our third-party distributors will devote to marketing the CyberKnife or TomoTherapy platforms. Our distributors may not be able to successfully market and sell the CyberKnife or TomoTherapy platforms, may not devote sufficient time and resources to support the marketing and selling efforts and may not market the CyberKnife or TomoTherapy platform at prices that will permit the product to develop, achieve or sustain market acceptance. In some jurisdictions, we rely on our distributors to manage the regulatory process and oversee their activities such that they are in compliance with all laws that govern their activities, such as the U.S. Foreign Corrupt Practices Act ("FCPA"), and we are dependent on their ability to do so effectively. If a distributor is terminated by us or goes out of business, it may take us a period of time to locate an alternative distributor, to seek appropriate regulatory approvals and to train its personnel to market the CyberKnife or TomoTherapy platforms, and our ability to sell and service the CyberKnife or TomoTherapy platforms in the region formerly serviced by such terminated distributor could be materially and adversely affected. Any of our distributors could become insolvent or otherwise become unable to pay amounts owed to us when due. If any of these distributor relationships end and are not replaced, our revenues from product sales or the ability to service our products in the territories serviced by these distributors could be adversely affected. Any of these factors could materially and adversely affect our revenue from international markets, increase our costs in those markets or damage our reputation. If we are unable to attract additional international distributors, our international revenue may not grow. If our distributors experience difficulties, do not comply with regulatory or legal requirements that results in fines or penalties, do not actively market the CyberKnife or TomoTherapy platforms or do not otherwise perform under our distribution agreements, our potential for revenue from international markets may be dramatically reduced, and our business could be harmed.

The high unit price of the CyberKnife and TomoTherapy platforms, as well as other factors, may contribute to substantial fluctuations in our operating results, which could adversely affect our stock price.

Because of the high unit price of the CyberKnife and TomoTherapy platforms and the relatively small number of units shipped each quarter, each shipment of a CyberKnife or TomoTherapy platform can represent a significant percentage of our revenue for a particular quarter. Therefore, if we do not ship a CyberKnife or TomoTherapy platform when anticipated (including when customers are not ready to receive shipment and postpone orders or cancel them), we will not be able to recognize the associated revenue and our operating results will vary significantly from our expectations. This is of particular concern when the economic environment is volatile, such as the current economic environment. These fluctuations and other potential fluctuations mean that you should not rely upon our operating results in any particular period as an indication of future performance.

As a strategy to assist our sales efforts, we may offer extended payment terms, which may potentially result in higher days sales outstanding, reduced cash flows in a particular period and greater payment defaults.

We offer longer or extended payment terms for qualified customers in some circumstances. As of September 30, 2026, customer contracts with extended payment terms of more than one year amounted to approximately 5% of our total accounts receivable balance. While we qualify customers to whom we offer longer or extended payment terms, their financial positions may change adversely over the longer time period given for payment. This may result in an increase in payment defaults, which would negatively affect our revenue. In addition, any increase in days sales outstanding could also negatively affect our cash flow.

We have entered into certain relationships with collaborators, partnerships, strategic alliances, joint venture partners and other third parties, which are outside of our full control and may harm our existing business if we fail to realize the expected benefits of such relationships.

We are a part of certain collaborations, partnerships, strategic alliances, joint ventures and other third-party relationships and depend in part on them to grow our business and market share. Reliance on these third parties subjects us to a number of risks, including that:

- we may be required to contribute significant amounts of capital or incur losses in the initial stages of a collaboration, partnership, alliance or joint venture, particularly as selling and marketing activities increase ahead of expected long-term revenue. For example, we completed our capital contributions to the JV in the second quarter of fiscal 2020 and one system upgrade in the first quarter of fiscal 2021. Further contributions may be necessary in the future as the JV expands its operations in China in order to achieve our long-term strategy in China;

- the failure of a collaboration, partnership, strategic alliance, joint venture or other third-party relationship to meet our performance and financial expectations, which could adversely impact our ability to meet internal forecasts and expectations. For example, we have experienced losses in connection with our JV that has negatively impacted our operating results;

- the process for customers of the collaboration, partnership, alliance or joint venture to comply with local or foreign regulatory requirements that may be required to purchase our products may cause delays in the collaborator, partner, alliance partner or joint venture's ability to conduct business. For example, any delays in the JV obtaining necessary regulatory clearances for their products, in customers in China obtaining Class A or Class B user licenses or in the subsequent tender process to complete the sale could affect the JV's expected ability to initiate sales, recognize revenue and achieve revenue and orders expectations in China;

- we may not be in a position to exercise sole decision making authority regarding any collaboration, partnership, alliance or joint venture, which could result in impasses on decisions or decisions made by our partners, and our partners in such collaborations, partnerships, alliances or joint ventures may have economic or business interests that are, or may become, inconsistent with our interests. For example, our JV partner, CNNC High Energy Equipment (Tianjin) Co., Ltd., is a subsidiary of China Isotope and Radiation Corporation, which is a holding subsidiary of China National Nuclear Corporation ("CNNC"), which is a Chinese state-owned entity. CNNC is currently listed on the Non-SDN Chinese Military-Industrial Complex Companies List maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") as well as the United States Department of Defense's list of Chinese Military Companies operating directly or indirectly in the United States under Section 1260H of the National Defense Authorization Act for Fiscal Year 2021. Although these designations do not prohibit us from transacting with CNNC, CNNC's subsidiaries or the JV, we may be exposed to certain commercial, operational, and reputational risks as a result of CNNC being a state-owned entity and thus controlled by the Chinese government where CNNC may make politically motivated business decisions that do not align with our commercial interests. In addition, CNNC could conduct business with other companies, organizations or institutions that attract unfavorable political attention in the United States, which could harm our reputation. These designations may result in negative publicity for us and the JV. Further regulatory changes adding CNNC or our JV partner to additional lists or export and sanctions related restricted or prohibited parties or further controls on entities viewed as connected to the Chinese military could impact the JV. Additionally, the United States government could use other measures to impose additional restrictions or export controls, which could apply to CNNC. Any such regulatory actions, including the imposition of sanctions, expansion of the United States Department of Defense's list of Chinese Military Companies operating directly or indirectly in the United States, or other export control measures applicable to CNNC or its affiliates, could restrict our ability to sell products to or through the JV, receive payments from the JV, provide technology, software updates, services, or other support, or otherwise conduct business in China, and could require us to modify or terminate aspects of the JV or our broader China commercial strategy, any of, which could materially and adversely affect our business, financial condition, results of operations and profitability;

- collaborations, partnerships, alliances and joint ventures can be difficult to manage and may involve significant expense and divert the focus and attention of our management and other key personnel away from our existing businesses;

- with respect to joint ventures, we may not be able to attract qualified employees, acquire customers or develop reliable supply, distribution or other partnerships;

- we could face potential damage to existing customer relationships or lack of customer acceptance or inability to attract new customers as a result of certain collaborations, partnerships, alliances and joint ventures;

- collaborators, partners, alliance partners and joint ventures may also operate in foreign jurisdictions with laws and regulations with which we have limited familiarity, which could adversely impact our ability to comply with such laws and regulations and may lead to increased litigation risk; and

- foreign laws may offer us inadequate or less intellectual property protection relative to U.S. laws, which may impact our ability, as well as the ability of the collaborator, partner, alliance partner and joint venture, to safeguard our respective intellectual property from infringement and misappropriation.

As a result of these and other factors, we may not realize the expected benefits of any collaboration, partnership, strategic alliance or joint venture or such benefits may not be realized at expected levels or within the expected time period.

We may attempt to acquire new businesses, products or technologies, including forming joint ventures, and if we are unable to successfully complete these acquisitions or to integrate acquired businesses, products, technologies or employees, we may fail to realize expected benefits or harm our existing business.

Our success will depend, in part, on our ability to expand our product offerings and grow our business in response to changing technologies, customer demands and competitive pressures. In some circumstances, we may determine to do so through the acquisition of complementary businesses, products or technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time consuming, and costly, and we may not be able to successfully complete identified acquisitions. Other companies may compete with us for these strategic opportunities. In addition, even if we successfully complete an acquisition, we may not be able to successfully integrate newly acquired organizations, products or technologies into our operations or timely and effectively commence operations because the process of integration could be expensive, time consuming and may strain our resources. Furthermore, the products and technologies that we acquire may not be successful or may require significantly greater resources and investments than we originally anticipated. Implementing or acquiring new lines of business or offering new products and services within existing lines of business can affect the sales and profitability of existing lines of business or products and services, including as a result of sales channel conflicts. With respect to any acquisition, we may be unable to retain employees of acquired companies, or retain the acquired company's customers, suppliers, distributors or other partners who are our competitors or who have close relationships with our competitors. Future acquisitions could also result in potentially dilutive issuances of equity securities or the incurrence of debt, contingent liabilities, or expenses or other charges, any of which could harm our business and affect our financial results or cause a reduction in the price of our common stock. Further, acquisition targets may also operate in foreign jurisdictions with laws and regulations with which we have limited familiarity, which could adversely impact our ability to comply with such laws and regulations and may lead to increased litigation risk. Such laws may also offer us inadequate or less intellectual property protection relative to U.S. laws, which may impact our ability, as well as the ability of the acquisition target to safeguard our respective intellectual property from infringement and misappropriation. As a result of these and other factors, we may not realize the expected benefits of any acquisition or such benefits may not be realized at expected levels or within the expected time period. The failure to successfully consummate such strategic transactions and effectively integrate and execute following such consummation may have an adverse impact on our growth, profitability, financial position and results of operations.

We have identified material weaknesses in our system of internal controls as of June 30, 2025, September 30, 2025, December 31, 2025, and March 31, 2026, of which one material weakness remained unremediated as of June 30, 2026. Although the remaining material weakness was remediated as of September 30, 2026, if we fail to maintain an effective system of internal control over financial reporting, our ability to produce timely and accurate financial results could be adversely impacted. As a result, current and potential stockholders could lose confidence in our financial reporting, which could have an adverse effect on our business and our stock price.

Effective internal controls are necessary for us to provide reliable financial reports and to protect from fraudulent, illegal, or unauthorized transactions. If we cannot maintain effective controls and provide timely and reliable financial reports, our business and operating results could be harmed. As more fully disclosed in Part II, Item 9A, "Controls and Procedures," of our Annual Report on Form 10-K for the fiscal year ended June 30, 2026 and Part I, Item 4, "Controls and Procedures," of this Quarterly Report on Form 10-Q, the Company concluded that as of June 30, 2025, September 30, 2025, December 31, 2025, March 31, 2026, and June 30, 2026, its internal control over financial reporting was not effective as a result of two material weaknesses, including one material weakness that had not been remediated as of June 30, 2026. The material weaknesses related to the review of the footnote schedules supporting financial statement disclosures and inadequate controls to appropriately analyze all relevant information required for complete and accurate presentation and disclosure under GAAP principally resulting from incorrect assessment during the initial adoption of ASC 606. The material weaknesses resulted in misstatements related to the disclosure of remaining performance obligations included in Note 2, Revenue of the Company's financial statements, which resulted in the restatement of our financial statements for the year ended June 30, 2025, and the three-months ended September 30, 2024, December 31, 2024, March 31, 2025, and September 30, 2025. In addition, based on these material weaknesses, management evaluated the effectiveness of internal control over financial reporting and concluded that as of June 30, 2025, September 30, 2025, December 31, 2025, March 31, 2026, and June 30, 2026, the Company had not maintained effective internal control over financial reporting. As of September 30, 2026, we concluded that the remaining material weakness had been remediated.

Although we have remediated the material weakness, we cannot assure you that additional material weaknesses will not be identified in the future. Additionally, we previously identified material weaknesses in our system of internal controls as of June 30, 2024, which were remediated as of March 31, 2025. In the future, we may not be successful in promptly remediating the material weaknesses identified by management or be able to identify and remediate additional control deficiencies, including material weaknesses and even if successful, remediation efforts can be time consuming and costly. We cannot assure you that the measures we have taken to date, or any measures we may take in the future, will be sufficient to prevent or avoid potential future material weaknesses. Our management may also be unable to conclude in future periods that our disclosure controls and procedures are effective due to the effects of various factors, which may, in part, include unremediated material weaknesses or other deficiencies in internal control over financial reporting. Additionally, any disruptions or difficulties that may occur in connection with our ERP system or other systems (whether in connection with the regular operation, periodic enhancements, modifications or upgrades of such systems or the integration of any acquired businesses into such systems, or due to cybersecurity events such as ransomware attacks) could adversely impact the effectiveness of our internal control over financial reporting as well as affect our ability to manufacture products, process orders, deliver products, provide customer support, fulfill contractual obligations, track inventories, or otherwise operate our business, in particular as a result of our limited experience implementing such systems and the complex nature of the system itself. Any failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting, including due to the discovery or occurrence of any additional material weaknesses in our internal control over financial reporting in the future, could adversely affect our ability to prepare financial statements within required time periods and record, process and report financial information accurately, which could result in material misstatements in our financial statements and cause us to fail to meet our reporting and financial obligations, negatively impact the price of our common stock, limit our liquidity and access to capital markets, adversely affect our business, harm our reputation or subject us to litigation or investigations requiring management resources and payment of legal and other expenses.

In addition, it may be difficult to timely determine the effectiveness of our financial reporting systems and internal controls in the future because of the complexity of our financial model. We recognize revenue from a range of transactions including CyberKnife and TomoTherapy platform sales and services. The CyberKnife and TomoTherapy platforms are complex products that contain both hardware and software elements. The complexity of the CyberKnife and TomoTherapy platforms and of our financial model used to recognize revenue on such systems requires us to process a greater variety of financial transactions than would be required by a company with a less complex financial model. Accordingly, efforts to timely remediate deficiencies or weaknesses in our internal controls would likely be more challenging for us than they would for a company with a less complex financial model. Furthermore, if we were to find an internal control deficiency or material weakness, we may be required to amend or restate historical financial statements, which would likely have a negative impact on our stock price.

Additionally, our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

Our ability to raise capital or obtain financing in the future may be limited, and our failure to raise capital when needed could prevent us from executing our growth strategy.

While we believe that based on our cash and cash equivalents balance, available debt facilities, current business plan and revenue prospects, we will have sufficient cash resources and anticipated cash flows to meet our anticipated cash needs for at least the next twelve months, the timing and amount of our working capital and capital expenditure requirements may vary significantly depending on numerous factors, including the other risk factors described above and below.

If our capital resources are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity securities or debt securities or obtain other debt financing, which could be difficult or impossible depending on the state of economic and capital markets environments at the time, as well as the state of our business, operating results and financial condition. For example, any sustained disruption in the capital markets from the global economic environment could negatively impact our ability to raise capital. Our ability to raise additional capital or access capital can be affected by macroeconomic events which affect the economy and the financial and banking sectors in particular. Failures at banks and other financial institutions, or issues in the broader U.S. financial system, including uncertainty related to the debt ceiling, increased interest rates, and lack of availability of credit, may have an impact on the broader capital markets and, in turn, our ability to access those markets. In addition, the tightening of the credit markets and lending standards could make it more difficult to raise capital through either debt or equity offerings on commercially reasonable terms or at all. Also, our debt levels may impair our ability to obtain additional financing in the future. The sale of additional equity securities or convertible debt securities would result in additional dilution to our stockholders. In particular, the Warrants that we issued to the lenders in connection with the Credit Facilities contain anti-dilution provisions, among other things, including price protection anti-dilution protection in the event that we sell stock at a price below $1.00 per share in the case of the Penny Warrants, $1.25 per share in the case of the June 2025 Premium Warrants, $0.93 per share in case of the December 2025 Premium Warrants and the May 2026 Premium Warrants, and $1.12 per share in case of the Super Premium Warrants. We cannot assure that additional financing, if required or desired, will be available in amounts or on terms acceptable to us, if at all.

If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges, and our business and ability to continue as a going concern may be adversely affected. If we need to accept less favorable terms, it could increase our cost of capital, reduce our cash balances or otherwise restrict our ability to grow.

Further declines in our stock price and market capitalization, or other adverse developments, could result in an additional goodwill impairment charge that would adversely affect our results of operations.

As of September 30, 2026, we had goodwill of $22.5 million, representing approximately 6% of our total assets, following a non-cash goodwill impairment charge of $35.4 million recognized during the three months ended September 30, 2026. A further sustained decline in our stock price or market capitalization, or a further increase in the carrying amount of our reporting unit, could result in additional impairment charges. This could occur even if the decline is driven by factors unrelated to our operating performance, such as general market volatility or investor sentiment toward the medical technology sector. An impairment could also result from a failure to achieve our projected revenue, margins or cash flows, an increase in discount rates, or adverse developments affecting our business. Any impairment charge would be non-cash, but it could be material to our results of operations in the period recognized. For more information, see Note 3, Supplemental Financial Information to the condensed consolidated financial statements included in this Quarterly Report and Note 1, The Company and its Significant Accounting Policies in our Annual Report on Form 10-K for the fiscal year ended June 30, 2026.

We may not be able to fully utilize certain tax loss carryforwards, which could result in expiration of our tax loss carryforwards or liability for cash income taxes.

At the end of fiscal year 2026, we had approximately $276.9 million and $124.5 million in federal and state net operating loss carryforwards, respectively. The federal and state carryforwards expire in varying amounts beginning in 2029 for federal and 2026 for state purposes. In addition, as of fiscal year 2026, we had federal and state research and development tax credit carryforwards of approximately $27.9 million and $23.1 million, respectively. The California research credits have no expiration date. The federal research credits and other non-California state research credits began to expire in 2026, and $1.7 million of research credits expired in fiscal year 2026.

Federal net operating losses arising in tax years beginning after December 31, 2017 are subject to an 80% of taxable income limitation (as calculated before taking the net operating losses into account). It is uncertain if and to what extent various states will conform to these limitations. In addition, utilization of our net operating loss and credit carryforwards is subject to annual limitation due to the application of the ownership change limitations provided by Section 382 of the Internal Revenue Code ("IRC") and similar state provisions to us. Changes in our stock ownership, including changes arising in connection with the transactions related to the Financing Agreement or the amendments thereof, issuance of common stock upon the exercise of warrants issued by us, the transactions contemplated by the Securities Purchase Agreement, including the issuance of the Series A Convertible Preferred Stock upon closing, or future offerings, as well as changes that may be outside of our control, could result in an ownership change under Section 382 of the IRC. In addition, the use of our net operating losses and other tax attributes may be subject to other limitations under applicable law. If we recognize income as a result of the transactions contemplated by the Securities Purchase Agreement, and we are not able to use net operating losses and other tax attributes to offset any such income, we may be required to pay cash taxes on any such income realized, which would adversely impact our cash flows and operating results.

Additionally, one of the provisions under the Tax Cuts and Jobs Act that became effective in tax years beginning after December 31, 2021, required the capitalization and amortization of domestic and foreign research and experimental expenditures. On July 4, 2025, the One Big Beautiful Bill Act (the "OBBB Act") was enacted, which makes a number of changes to U.S. federal income tax law, including permanently suspending the requirement to capitalize and amortize domestic research and development expenditures and permitting such deductions on a current basis. The adoption of the OBBB Act did not have a material impact on our financial statements due to our current losses and full valuation allowance recorded against our U.S. deferred tax asset.

We are subject to the tax laws of various foreign jurisdictions, as well as within the United States, which are subject to unanticipated changes and interpretation and could harm our future results.

The application of tax laws of various foreign jurisdictions and within the United States is subject to interpretation and depends on our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. The taxing authorities of jurisdictions in which we operate may challenge our methodologies for valuing intercompany arrangements including our transfer pricing or determine that the manner in which we operate our business does not achieve the intended tax consequences. The application of tax laws can also be subject to conflicting interpretations by tax authorities in the various jurisdictions we operate. It is not uncommon for taxing authorities in different countries to have conflicting views, with respect to, among other things, the manner in which the arm's length standard is applied for transfer pricing purposes. Further, tax laws are subject to change, which could adversely impact our tax rate. A number of countries, as well as organizations such as the Organization for Economic Cooperation and Development ("OECD"), support the 15% global minimum tax initiative ("Pillar Two"), and have adopted or intend to adopt laws to implement this initiative. On January 5, 2026, the OECD announced a "side-by-side" elective safe harbor that exempts U.S.-parented multinational entities from some of the Pillar Two rules (including the fifteen percent global minimum tax) for fiscal years beginning on or after January 1, 2026. Many countries and organizations are also actively considering changes to existing tax laws or have proposed or enacted new laws, such as the OBBB Act, that could increase our tax obligations in countries where we do business or cause us to change the way we operate our business, which could materially impact our results of operations.

Risks Related to the Regulation of our Products and Business

Modifications, upgrades, new indications and future products related to the CyberKnife or TomoTherapy Systems or the Precision Treatment Planning and iDMS Data Management System software may require new FDA 510(k) clearances or premarket approvals and similar licensing or approvals in international markets. Such modifications, or any defects in design, manufacture or labeling may require us to recall or cease marketing the affected systems or software until approvals or clearances are obtained.

The CyberKnife and TomoTherapy platforms, including the Radixact System, as well as the Precision Treatment Planning software are medical devices that are subject to extensive regulation in the United States by local, state and the federal government, including the FDA. The iDMS Data Management System connects these systems and may be regulated as a medical device in some markets. The FDA most recently cleared Surface Guided Radiation Therapy (SGRT) on Radixact System under K223159 on June 23, 2023. ClearRT™ for onboard kVCT imaging was previously cleared on the Radixact System under K202412 on December 18, 2020. The FDA regulates virtually all aspects of a medical device design, development, testing, manufacturing, labeling, storage, record keeping, adverse event reporting, sale, promotion, distribution and shipping. Before a new medical device, or a new intended use or indication or claim for an existing product, can be marketed in the United States, it must first receive either premarket approval or 510(k) clearance from the FDA, unless an exemption exists. Either process can be expensive, lengthy and unpredictable. The FDA's 510(k) clearance process generally takes from three to twelve months, but it can last longer. The process of obtaining premarket approval is much more costly and uncertain than the 510(k) clearance process and it generally takes from one to three years, or even longer, from the time the application is filed with the FDA. Additionally, outside of the United States, our products are subject to clearances and approvals by foreign governmental agencies similar to the FDA. In order to market our products internationally, we must obtain licenses or approvals from these governmental agencies, which could include local requirements, safety standards, testing or certifications, and can be time consuming, burdensome and uncertain. Despite the time, effort and cost, there can be no assurance that a particular device or a modification of a device will be approved or cleared by the FDA or any foreign governmental agency in a timely fashion, if at all. Even if we are granted regulatory clearances or approvals, they may include significant limitations on the indicated uses of the product, which may limit the market for those products, and how those products can be promoted.

Medical devices may only be marketed for the indications for which they are approved or cleared. The FDA and other foreign governments also may change their policies, adopt additional regulations, or revise existing regulations, each of which could prevent or delay approval or clearance of our device, or could impact our ability to market our currently approved or cleared device. We are also subject to medical device reporting regulations, which require us to report to the FDA and other international governmental agencies if our products cause or contribute to a death or a serious injury, or malfunction in a way that would likely cause or contribute to a death or a serious injury. We also are subject to the QMSR in the U.S. and ISO 13485 certification in many international markets, compliance with which is necessary to receive FDA and other international clearances or approvals to market new products and is necessary for us to be able to continue to market a cleared or approved product in the United States or globally. After a product is placed in the market, we are also subject to regulations by the FDA and Federal Trade Commission related to the advertising and promotion of our products to ensure our claims are consistent with our regulatory clearances, that there is scientific data to substantiate our claims and that our advertising is not false or misleading. Our products are also subject to state regulations and various worldwide laws and regulations.

A component of our strategy is to continue to upgrade the CyberKnife and TomoTherapy platforms as well as the Precision Treatment Planning with iDMS Data Management System software. Upgrades previously released by us required 510(k) clearance and international registration before we were able to offer them for sale. We expect our future upgrades will similarly require 510(k) clearance or approval; however, future upgrades may be subject to substantially more time-consuming data generation requirements and uncertain premarket approval or clearance processes. If we were required to use the premarket approval process for future products or product modifications, it could delay or prevent release of the proposed products or modifications, which could harm our business.

The FDA requires device manufacturers to make their own determination of whether or not a modification requires an approval or clearance; however, the FDA can review a manufacturer's decision not to submit for additional approvals or clearances. Any modification to an FDA approved or cleared device that would significantly affect its safety or efficacy or that would constitute a major change in its intended use would require a new premarket approval or 510(k) clearance. We cannot assure you that the FDA will agree with our decisions not to seek approvals or clearances for particular device modifications or that we will be successful in obtaining premarket approvals or 510(k) clearances for modifications in a timely fashion, if at all.

We have obtained 510(k) clearance for the CyberKnife platform for the treatment of conditions anywhere in the body when radiation treatment is indicated, and we have obtained 510(k) clearance for the TomoTherapy platform to be used as integrated systems for the planning and delivery of IMRT for the treatment of cancer. We have made modifications to the CyberKnife and TomoTherapy platforms in the past and may make additional modifications in the future that we believe do not or will not require additional approvals or clearances. If the FDA disagrees, based on new finalized guidance and requires us to obtain additional premarket approvals or 510(k) clearances for any modifications to the CyberKnife or TomoTherapy platforms and we fail to obtain such approvals or clearances or fail to secure approvals or clearances in a timely manner, we may be required to cease manufacturing and marketing the modified device or to recall such modified device until we obtain FDA approval or clearance and we may be subject to significant regulatory fines or penalties.

The FDA and similar governmental authorities in other countries in which we market and sell our products have the authority to require the recall of our products in the event of material deficiencies or defects in design, manufacture or labeling. A government mandated recall, or a voluntary recall by us, could occur as a result of component failures, manufacturing errors or design defects, including defects in labeling and user manuals. Any recall could divert management's attention, cause us to incur significant expenses, generate negative publicity, harm our reputation with customers, negatively affect our future sales and business, require redesign of the CyberKnife or TomoTherapy platform, and harm our operating results. In these circumstances, we may also be subject to significant enforcement action. If any of these events were to occur, our ability to introduce new or enhanced products in a timely manner would be adversely affected, which in turn would harm our future growth.

We are subject to federal, state and foreign laws and regulations applicable to our operations, the violation of which could result in substantial penalties and harm our business.

In addition to regulation by the FDA and similar governmental authorities in other countries, our operations are subject to other laws and regulations, such as laws and rules governing interactions with healthcare providers, anti-corruption laws, privacy rules and transparency laws. In order to maintain compliance with these laws and requirements, we must continually keep abreast of any changes or developments to be able to integrate compliance protocols into the development and regulatory documentation of our products. Failure to maintain compliance could result in substantial penalties to us and harm our business.

Laws and ethical rules governing interactions with healthcare providers. The Medicare and Medicaid "anti-kickback" laws, and similar state laws, prohibit soliciting, offering, paying or accepting any payments or other remuneration that is intended to induce any individual or entity to either refer patients to or purchase, lease or order, or arrange for or recommend the purchase, lease or order of, healthcare products or services for which payment may be made under federal and state healthcare programs, such as Medicare and Medicaid. Such laws impact our sales, marketing and other promotional activities by reducing the types of financial arrangements we may have with our customers, potential customers, marketing consultants and other service providers. They particularly impact how we structure our sales offerings, including discount practices, customer support, product loans, education and training programs, physician consulting, research grants and other service arrangements. Many of these laws are broadly drafted and are open to a variety of interpretations, making it difficult to determine with any certainty whether certain arrangements violate such laws, even if statutory safe harbors are available. Generally, courts have taken a broad interpretation of the scope of the "anti-kickback" laws, holding that these laws may be violated if merely one purpose of a payment arrangement is to induce referrals or purchases. Further, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. Violations of these laws can be punishable with prison time, and can also result in criminal fines, administrative civil money penalties and exclusion from participation in federal healthcare programs. In addition, a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act.

Federal and state "false claims" laws generally prohibit the knowing filing or causing the filing of a false claim or the knowing use of false statements to obtain payment from government payors. Although we do not submit claims directly to payors, manufacturers can be held liable under these laws if they are deemed to "cause" the submission of false or fraudulent claims by providing inaccurate billing or coding information to customers, or through certain other activities, including promoting products for uses or indications that are not approved by the FDA. In addition to actions initiated by the government itself, the federal False Claims Act authorizes actions to be brought on behalf of the federal government by a private party having knowledge of the alleged fraud called a "relator." Because the complaint is initially filed under seal, the action may be pending for some time before the defendant is even aware of the action. If the government is ultimately successful in obtaining redress in the matter or if the relator succeeds in obtaining redress without the government's involvement, then the relator is typically entitled to receive a percentage of the recovery. When an entity is determined to have violated the federal False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties for each separate false claim, and may be excluded from participation in federal health care programs, and, although the federal False Claims Act is a civil statute, violations may also implicate various federal criminal statutes. Several states have also adopted comparable state false claims act, some of which apply to all payors.

We are also subject to federal and state physician self-referral laws. The federal Ethics in Patient Referrals Act of 1989, commonly known as the Stark Law, prohibits, subject to certain exceptions, physician referrals of Medicare and Medicaid patients to an entity providing certain "designated health services" if the physician or an immediate family member has any financial relationship with the entity. The Stark Law also prohibits the entity receiving the referral from billing any good or service furnished pursuant to an unlawful referral. Various states have corollary laws to the Stark Law, including laws that require physicians to disclose any financial interest they may have with a healthcare provider to their patients when referring patients to that provider. Both the scope and exceptions for such laws vary from state to state.

If our past or present operations are found to be in violation of any of these "anti-kickback," "false claims," "self-referral" or other similar laws in foreign jurisdictions, we may be subject to the applicable penalty associated with the violation, which may include significant civil and criminal penalties, damages, fines, imprisonment and exclusion from healthcare programs. The impact of any such violations may lead to curtailment or restructuring of our operations, which could adversely affect our ability to operate our business and our financial results.

Anti-corruption laws. We are also subject to laws regarding the conduct of business overseas, such as the FCPA, the U.K. Bribery Act of 2010, the Brazil Clean Companies Act, and other similar laws in foreign countries in which we operate. The FCPA prohibits the provision of illegal or improper inducements to foreign government officials in connection with the obtaining of business overseas. Becoming familiar with and implementing the infrastructure necessary to ensure that we and our distributors comply with such laws, rules and regulations and mitigate and protect against corruption risks could be quite costly, and there can be no assurance that any policies and procedures we do implement will protect us against liability under the FCPA or related laws for actions taken by our employees, executive officers, distributors, agents and other intermediaries with respect to our business. Violations of the FCPA or other similar laws by us or any of our employees, executive officers, distributors, agents or other intermediaries could subject us or the individuals involved to criminal or civil liability, cause a loss of reputation in the market, and materially harm our business.

Laws protecting patient health information. There are a number of federal and state laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. In particular, the U.S. Department of Health and Human Services ("HHS") has promulgated patient privacy rules under the HIPAA. These privacy rules protect medical records and other personal health information of patients by limiting their use and disclosure, giving patients the right to access, amend and seek accounting of their own health information and limiting most uses and disclosures of health information to the minimum amount reasonably necessary to accomplish the intended purpose. The HIPAA privacy standard was amended by the Health Information Technology for Economic and Clinical Health Act, enacted as part of the American Recovery and Reinvestment Act of 2009. Although we are not a "covered entity" under HIPAA, we are considered a "business associate" of certain covered entities and, as such, we are directly subject to HIPAA, including its enforcement scheme and inspection requirements, and are required to implement policies, procedures as well as reasonable and appropriate physical, technical and administrative security measures to protect individually identifiable health information we receive from covered entities. Our failure to protect health information received from customers in compliance with HIPAA or other laws could subject us to civil and criminal liability to the government and civil liability to the covered entity, could result in adverse publicity, and could harm our business and impair our ability to attract new customers.

Transparency laws. The Sunshine Act, which was enacted by Congress as part of the Patient Protection and Affordable Care Act on December 14, 2011, requires each applicable manufacturer, which includes medical device companies such as Accuray, to track and report to the federal government on an annual basis all payments and other transfers of value from such applicable manufacturer to U.S. licensed physicians and teaching hospitals as well as physician ownership of such applicable manufacturer's equity, in each case subject to certain statutory exceptions. Furthermore, on October 25, 2018, President Trump signed into law the "Substance Use-Disorder Prevention that Promoted Opioid Recovery and Treatment for Patients and Communities Act" which in part (under a provision entitled "Fighting the Opioid Epidemic with Sunshine") extends the reporting and transparency requirements for physicians in the Physician Payments Sunshine Act to physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and certified nurse midwives. Such data is available by the government on a publicly searchable website. Failure to comply with the data collection and reporting obligations imposed by the Sunshine Act can result in civil monetary penalties ranging from $1,000 to $10,000 for each payment or other transfer of value that is not reported (up to a maximum of $150,000 per reporting period) and from $10,000 to $100,000 for each knowing failure to report (up to a maximum of $1 million per reporting period). In addition, we are subject to similar state and foreign laws related to the tracking and reporting of payments and other transfers of value to healthcare professionals, the violation of which could, among other things, result in civil monetary penalties and adversely impact our reputation and business.

Conflict minerals. The Dodd Frank Wall Street Reform and Consumer Protection Act and the rules promulgated by the SEC under such act require companies, including Accuray, to disclose the existence in their products of certain metals, known as "conflict minerals," which are metals mined from the Democratic Republic of the Congo and adjoining countries. These rules require investigative efforts, which has caused and will continue to cause us to incur associated costs, could adversely affect the sourcing, availability and pricing of minerals used in our products and may cause reputational harm if we determine that certain of our components contain such conflict minerals or if we are unable to alter our processes or sources of supply to avoid using such materials, all of which could adversely impact sales of our products and results of operations.

If we or our distributors do not obtain and maintain the necessary regulatory approvals in a specific country, we will not be able to market and sell our products in that country.

To be able to market and sell our products in a specific country, we or our distributors must comply with applicable laws and regulations of that country. In jurisdictions where we rely on our distributors to manage the regulatory process, we are dependent on their ability to do so effectively. While the laws and regulations of some countries do not impose barriers to marketing and selling our products or only require notification, others require that we or our distributors obtain the approval of a specified regulatory body. These laws and regulations, including the requirements for approvals, and the time required for regulatory review vary from country to country. The governmental agencies regulating medical devices in some countries, for example, require that the user interface on medical device software be in the local language. We currently provide user guides and manuals, both paper copies and electronically, in the local language but only provide an English language version of the user interface. Obtaining regulatory approvals is expensive and time-consuming, and we cannot be certain that we or our distributors will receive regulatory approvals in each country in which we market or plan to market our products. If we modify our products, we or our distributors may need to apply for additional regulatory approvals before we are permitted to sell them. We may not continue to meet the quality and safety standards required to maintain the authorizations that we or our distributors have received. It can also be costly for us and our distributors to keep up with regulatory changes issued or mandated from time to time. If we change distributors, it may be time-consuming and disruptive to our business to transfer the required regulatory approvals, particularly if such approvals are maintained by our third-party distributors on our behalf. If we or our distributors are unable to maintain our authorizations, or fail to obtain appropriate authorizations in a particular country, we will no longer be able to sell our products in that country, and our ability to generate revenue will be materially adversely affected.

Within the EU, we are required under the Medical Device Directive to affix the Conformité Européene (“CE”) mark on our products in order to sell the products in member countries of the EU. This conformity to the applicable directives is done through self-declaration and is verified by an independent certification body, called a Notified Body, before the CE mark can be placed on the device. Once the CE mark is affixed to the device, the Notified Body will regularly audit us to ensure that we remain in compliance with the applicable European laws or directives. CE marking demonstrates that our products comply with the laws and regulations required by the European Union countries to allow free movement of trade within those countries. If we cannot support our performance claims and/or demonstrate or maintain compliance with the applicable European laws and directives, we lose our CE mark, which would prevent us from selling our products within the European Union. In addition, the EU’s Medical Device Regulation (“MDR”), which replaced the existing Medical Device Directive, became effective in May 2021. The MDR establishes new requirements and oversight for maintaining the CE mark. The official guidance continues to be published for the implementation of these requirements and the number of Notified Bodies are still limited. There may be variability in review timeframes and requirements as both manufacturers and authorities navigate these new requirements. In addition, the EU and Switzerland failed to establish a Mutual Recognition Agreement (“MRA”) for medical devices to include Switzerland within the MDR and as a result, Switzerland has initiated its own medical device regulation similar to the EU MDR, which will require additional registrations for economic operators and products within Switzerland for our devices.

Under the Pharmaceutical Affairs Law in Japan, a pre-market approval necessary to sell, market and import a product, or Shonin, must be obtained from the Ministry of Health, Labor and Welfare (“MHLW”), for our products. Before issuing approvals, MHLW examines the application in detail with regard to the quality, efficacy, and safety of the proposed medical device. The Shonin is granted once MHLW is content with the safety and effectiveness of the medical device. The time required for approval varies. A delay in approval could prevent us from selling our products in Japan, which could impact our ability to generate revenue and harm our business.

In addition to laws and regulations regarding medical devices, we are subject to a variety of environmental laws and regulations around the world regulating our operations, including those relating to the use, generation, handling, storage, transportation, treatment and disposal of hazardous materials, which laws impose compliance costs on our business and can also result in liability to us. Although we follow procedures intended to comply with existing environmental laws and regulations, risk of accidental contamination or injury can never be fully eliminated. In the event of an accident, state or federal or other applicable authorities may curtail our use of these materials and interrupt our business operations. In addition, future changes in these laws and regulations could also increase our costs of doing business. We must continually keep abreast of these standards and requirements and integrate our compliance into the development and regulatory documentation for our products. Failure to meet these standards could limit our ability to market our products in those regions that require compliance to such standards. For example, the European Union has adopted directives that may lead to restrictions on the use of certain hazardous substances or other regulated substances in some of our products sold there, unless such products are eligible for an exemption. While we believe that certain of our products are exempt, there can be no guarantee that such determination would not be challenged or that the regulations would not change in a way that would subject our products to such regulation. These directives, along with other laws and regulations that may be adopted by other countries, could increase our operating costs in order to maintain access to certain markets, which could adversely affect our business.

Healthcare reform legislation could adversely affect demand for our products, our revenue and our financial condition.

In March 2010, the Patient Protection and Affordable Care Act, as amended by Health Care and Education Reconciliation Act (collectively, the "ACA") were signed into law. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA. In particular, on December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Cuts and Jobs Act. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. On June 18, 2021, the United States Supreme Court upheld the ACA, holding that the individuals who brought the lawsuit did not have standing to challenge the law. It is unclear how this decision and the decisions of the current administration will impact the ACA and our business. Complying with any new legislation or reversing changes implemented under the ACA could be time-intensive and expensive, resulting in a material adverse effect on our business.

The ACA includes a large number of health related provisions, including expanding Medicaid eligibility, requiring most individuals to have health insurance, establishing new regulations on health plans, establishing health insurance exchanges, requiring manufacturers to report payments or other transfers of value made to physicians and teaching hospitals, modifying certain payment systems to encourage more cost-effective care and a reduction of inefficiencies and waste and including new tools to address fraud and abuse. The laws also include a decrease in the annual rate of inflation for Medicare payments to hospitals and the establishment of an independent payment advisory board to suggest methods of reducing the rate of growth in Medicare spending. We do not yet know the full impact that the ACA will have on our business. The expansion in the government's role in the U.S. healthcare industry may result in decreased profits to us, lower reimbursement by third-party payors for our products, or reduced volume of medical procedures conducted with our products, all of which could have a material adverse effect on our business, financial condition and results of operations. We cannot predict the ultimate content, timing or effect of any healthcare reform legislation or the impact of potential legislation on us.

Future legislative or policy initiatives directed at reducing costs or limiting coverage or amounts of reimbursement available for our products could be introduced at either the federal or state level, which could have a negative impact on the demand for our products and services, and therefore on our financial position and results of operations. We cannot predict what healthcare reform legislation or regulations, if any, including any potential repeal or amendment of the ACA, will be enacted in the United States or elsewhere, what impact any legislation or regulations related to the healthcare system that may be enacted or adopted in the future might have on our business, or the effect of ongoing uncertainty or public perception about these matters will have on the purchasing decisions of our customers. However, the implementation of new legislation and regulation may materially lower reimbursements for our products, materially reduce medical procedure volumes and significantly and adversely affect our business.

Risks Related to Our Common Stock

The price of our common stock is volatile and may continue to fluctuate significantly, which could lead to losses for stockholders.

The stock market in general has recently experienced relatively large price and volume fluctuations, particularly in response to macroeconomic factors. In addition, the trading prices of the stock of healthcare companies of our size can experience extreme price and volume fluctuations. These fluctuations often have been unrelated or out of proportion to the operating performance of these companies. Our stock price has experienced periods of volatility and has declined significantly in recent quarters. Broad market fluctuations may also harm our stock price. Continued market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock. Any negative change in the public's perception of the prospects of companies that employ similar technology or sell into similar markets could also depress our stock price, regardless of our actual results.

In addition to the other risk factors described above and below, factors affecting the trading price of our common stock include:

- variations in our operating results, as well as costs and expenditures;
- impacts to our business, operations or financial condition caused by concerns in connection with the global economic environment, supply chain disruptions or as a result of changes in government administration policy positions;
- guidance, if any, that we provide to the public, any changes to or removal of this guidance or our failure to meet this guidance;
- regulatory developments related to manufacturing, marketing or sale of the CyberKnife or TomoTherapy platform;
- political or social uncertainties, including as a result of the conflicts in Russia-Ukraine, Iran, the Middle East and Southwest Asia;
- changes in product pricing policies;
- announcements of technological innovations, new services or service enhancements, strategic alliances or significant agreements by us or by our competitors;
- changes in analysts' estimates, investors' perceptions, recommendations by securities analysts or our failure to achieve analysts' and our own estimates;
- recruitment or departure of key personnel;
- the performance of our competitors and investor perception of the markets and industries in which we compete;
- announcement of strategic transactions or capital raising activities; and
- market conditions in our industry, the industries of our customers and the economy as a whole, including the impact of increased inflation, a recession or instability in the banking and financial services sector.

If we do not regain compliance with or continue to satisfy Nasdaq's continued listing standards and other Nasdaq rules, our common stock could be delisted, which would harm our business, the trading price of our common stock, our ability to raise additional capital and the liquidity of the market for our common stock.

The continued listing standards of The Nasdaq Stock Market LLC ("Nasdaq") require us to satisfy minimum financial and other requirements including, without limitation, a requirement that the closing bid price of our common stock be at least $1.00 per share. On February 2, 2026, we received a letter from Nasdaq indicating that, for the previous 30 consecutive business days, the bid price for the Company's common stock had closed below the minimum $1.00 per share requirement for continued listing on The Nasdaq Global Select Market under Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Requirement"). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), we were provided an initial compliance period of 180 calendar days to regain compliance with the Minimum Bid Requirement. To regain compliance, the closing bid price of our common stock must meet or exceed $1.00 per share for a minimum of 10 consecutive business days prior to the deadline. While we did not achieve compliance with the Minimum Bid Requirement within 180 calendar days, we were eligible for an additional 180 calendar days (the "Second Compliance Period") to regain compliance pursuant to Nasdaq Listing Rule 5810-(c)(3)(A) by transferring to The Nasdaq Capital Market. To qualify for the Second Compliance Period, we submitted a transfer application and paid an application fee. Our common stock was transferred to The Nasdaq Capital Market effective as of the opening of business on August 6, 2026, and continues to trade under the symbol "ARAY". To qualify, we were required to meet the continued listing requirement for market value of publicly held shares and all other Nasdaq initial listing standards, with the exception of the Minimum Bid Requirement, and we provided written notice of our intention to cure the minimum bid price deficiency during the Second Compliance Period. On October 6, 2026, our stockholders approved an amendment to our certificate of incorporation to effect a reverse stock split of our common stock at a ratio ranging from any whole number between 1-for-15 and 1-for-40, to be determined by our board of directors in its discretion, at any time within one year of the date of the special meeting in order to allow us to regain compliance with Nasdaq's minimum bid price requirement through a reverse stock split; however, there can be no assurance that a reverse stock split, if effected, would result in a sustained increase in the market price of our common stock or enable us to maintain compliance with Nasdaq's continued listing standards.

If we fail to regain compliance with the Minimum Bid Requirement, or if we fail to continue to meet all applicable continued listing requirements for Nasdaq in the future, Nasdaq could delist our shares of common stock. There can be no assurance that we will be able to regain compliance with the Minimum Bid Requirement or maintain compliance with the other listing requirements. If our common stock were to be delisted from Nasdaq and was not eligible for quotation or listing on another market or exchange, trading of our common stock could be conducted only in the over-the-counter market or on an electronic bulletin board established for unlisted securities such as those operated by the OTC Markets Group Inc. In such event, it could become more difficult to dispose of, or obtain accurate price quotations for, our common stock, and there would likely also be a reduction in our coverage by securities analysts and the news media, reduced liquidity and marketability of our common stock, and reduced ability to access capital on favorable terms or at all, any of which could materially adversely affect our stockholders and cause the price of our common stock to further decline.

Future issuances of shares of our common stock could dilute the ownership interests of our stockholders.

Any issuance of equity securities could dilute the interests of our stockholders and could substantially decrease the trading price of our common stock. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust our ratio of debt to equity, to satisfy our obligations upon the exercise of outstanding options or for other reasons.

The exercise of outstanding warrants for our common stock and the conversion of the Series A Convertible Preferred Stock would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders.

The exercise of outstanding warrants to acquire our common stock and the conversion of the Series A Convertible Preferred Stock will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. As of September 30, 2026, there were (i) 17,180,710 shares of our common stock issuable upon exercise of the June 2025 Premium Warrants, (ii) 6,247,531 shares of our common stock issuable upon exercise of the June 2025 Penny Warrants, (iii) 3,062,726 shares of common stock issuable upon exercise of the December 2025 Super Premium Warrants, (iv) 2,187,661 shares of common stock issuable upon exercise of the December 2025 Premium Warrants, (v) 1,750,129 shares of common stock issuable upon exercise of December 2025 Penny Warrants, (vi) 2,135,721 shares of our common stock issuable upon exercise of the May 2026 Premium Warrants, (vii) 1,708,577 shares of our common stock issuable upon exercise of the May 2026 Penny Warrants, (viii) 2,990,010 shares of our common stock issuable upon exercise of the May 2026 Super Premium Warrants and (ix) 15,253,473 shares of our common stock issuable upon exercise of the July 2026 Penny Warrants. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our shares. In addition, the perceived risk of dilution as a result of the number of outstanding Warrants may cause our stockholders to be more inclined to sell their shares, which would contribute to a downward movement in the price of our common stock. Moreover, the perceived risk of dilution and the resulting downward pressure on our common stock price could encourage investors to engage in short sales of our common stock, which could further contribute to price declines in our common stock. The fact that our warrant holders can sell substantial amounts of our common stock in the public market could make it more difficult for us to raise additional funds through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate, or at all.

In addition, the Warrants have certain anti-dilution protection provisions, including price protection anti-dilution protection in the event that we sell stock at a price below $1.00 per share in the case of the Penny Warrants, $1.25 per share in the case of the June 2025 Premium Warrants, $0.93 per share in the case of the December 2025 Premium Warrants and the May 2026 Premium Warrants, and $1.12 per share in the case of the Super Premium Warrants. Depending on the nature and price of any equity issuances by us, the number of shares of common stock issuable upon the exercise of such Warrants could be increased and that would likely make an equity financing more difficult.

Provisions in the Financing Agreement for our Credit Facilities, our certificate of incorporation and our bylaws could discourage or prevent a takeover, even if an acquisition would be beneficial in the opinion of our stockholders.

Provisions of our certificate of incorporation and bylaws could make it more difficult for a third-party to acquire us, even if doing so would be beneficial in the opinion of our stockholders. These provisions include:

- authorizing the issuance of "blank check" preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt;
- establishing a classified board of directors, which could discourage a takeover attempt;
- prohibiting cumulative voting in the election of directors, which would limit the ability of less than a majority of stockholders to elect director candidates;
- limiting the ability of stockholders to call special meetings of stockholders;
- prohibiting stockholder action by written consent and requiring that all stockholder actions be taken at a meeting of our stockholders; and
- establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change of control of our company. Generally, Section 203 prohibits stockholders who, alone or together with their affiliates and associates, own more than 15% of the subject company from engaging in certain business combinations for a period of three years following the date that the stockholder became an interested stockholder of such subject company without approval of the board or $66^{2}/_{3}$% of the independent stockholders. The existence of these provisions could adversely affect the voting power of holders of common stock and limit the price that investors might be willing to pay in the future for shares of our common stock.

A change of control will also trigger an event of default under the Credit Facilities. If an event of default occurs, the agent for the lenders under the Credit Facilities may, at its discretion, suspend or terminate any of the lenders' loan obligations thereunder and/or declare all or any portion of the loan then-outstanding under the Credit Facilities, including all accrued but unpaid interest thereon, to be accelerated and immediately due and payable.

Risks Related to Our Financing Transaction

There can be no assurance that the Financing Transaction will be successfully consummated or achieve the anticipated results.

On July 29, 2026, we entered into the Third Amendment to the Financing Agreement and the Securities Purchase Agreement with certain existing investors (collectively, the "Financing Transaction"). Among other matters, the Financing Transaction provides for, subject to certain closing conditions, the issuance of $55.0 million of Series A Convertible Preferred Stock, paid in the form of (i) $15.0 million in cash, which amount was paid on the date the parties entered into the Securities Purchase Agreement, and (ii) the conversion of $40.0 million of existing indebtedness held by existing investors under the Financing Agreement, with such existing indebtedness to be cancelled and extinguished in exchange for shares of Series A Convertible Preferred Stock issued at the closing of the Securities Purchase Agreement. In addition, the Third Amendment to the Financing Agreement, among other things, modified certain financial covenants, including minimum liquidity requirements, provided a covenant holiday through December 31, 2027 with respect to certain financial covenants, and converted the revolving credit facility to an asset-based lending structure. In addition, the Company issued 15.3 million warrants to purchase common stock (the "July 2026 Penny Warrants"). See Note 8, *Debt*, for additional information regarding these transactions. The Financing Transaction remains subject to certain closing conditions, including the implementation of a reverse stock split of the Company's common stock, at a ratio ranging from any whole number between 1-for-15 and 1-for-40 (the "Reverse Stock Split"). Our stockholders approved the matters required to consummate the Financing Transaction on October 6, 2026. There can be no assurance that these conditions will be satisfied or waived, or that the Financing Transaction will be consummated on the terms currently contemplated, within the anticipated timeframe, or at all.

If the closing of the Financing Transaction is not completed or the Reverse Stock Split is not completed, the Series A Convertible Preferred Stock will not be issued, and the Securities Purchase Agreement may be terminated. If the Securities Purchase Agreement is terminated, (i) the $15.0 million cash investment will automatically be deemed to be an Obligation (as defined in the Financing Agreement) under the Financing Agreement, and (ii) we will be required to pay a fee in an amount equal to $15.0 million to TCW Asset Management Company LLC ("TCW"), as administrative agent under the Financing Agreement, to be allocated among the investors party to the Securities Purchase Agreement in accordance with the amounts funded by such investors. Such amount shall be fully earned, non-refundable, and due on such date of termination, and payable in full in cash on the earliest to occur of (A) the final maturity date under the Financing Agreement; (B) the date on which all Obligations (as defined in the Financing Agreement) that are then due and payable are indefeasibly paid in full, in cash; (C) the date on which all or any portion of the Obligations is accelerated; or (D) the date on which any of the Obligations is satisfied, released, paid, restructured, reorganized, replaced, reinstated, defeased or compromised, including through foreclosure (whether by judicial proceeding or otherwise), a deed in lieu of foreclosure, or a distribution of any kind made to TCW or the lenders in full or partial satisfaction of the Obligations.

In addition, the $40.0 million debt exchange contemplated by the Securities Purchase Agreement would not occur, and such indebtedness would remain outstanding under the Financing Agreement. The warrants proposed to be cancelled in connection with the Financing Transaction would also remain outstanding, resulting in additional potential dilution to our stockholders. Together with the $15.0 million termination fee described above, these consequences would undermine many of the anticipated benefits of the Financing Transaction. Even if the Financing Transaction is consummated, there can be no assurance that we will realize the anticipated benefits of the Financing Transaction, whether within the expected timeframe or at all, and any failure to realize such benefits could have a material adverse effect on our business, financial condition, results of operations and prospects.

If the Financing Transaction is consummated, our stockholders will experience substantial dilution as a result of any conversion of the Series A Convertible Preferred Stock or the exercise of the July 2026 Penny Warrants.

As of October 31, 2026, we had 123.3 million and 120.2 million shares of common stock issued and outstanding, respectively, and 76.6 million shares of common stock reserved for future issuance, including 15.3 million shares reserved for issuance upon exercise of all of the July 2026 Penny Warrants. In addition, the Securities Purchase Agreement obligates us to reserve and keep available at least 100% of the maximum number of shares of common stock issuable upon conversion of all the Series A Convertible Preferred Stock then outstanding, which is currently 110,000,000 shares (which will be adjusted if the reverse stock split is effected). Consummation of the Financing Transaction and exercise of some or all of the July 2026 Penny Warrants will result in significant dilution of stockholders' ownership and voting interests in the Company.

TCW Asset Management Company LLC and its affiliates will have significant influence over us following the conversion of the Series A Convertible Preferred Stock and the exercise of the July 2026 Penny Warrants, if any, and their interests may conflict with those of our other stockholders in the future.

TCW and its affiliates currently have the largest ownership position in the Company, which position will increase upon any conversion of the Series A Convertible Preferred Stock and any exercise of the July 2026 Penny Warrants. So long as they hold a significant amount of our voting power, TCW and its affiliates will have significant influence over the outcome of all matters requiring stockholder approval, including the election and removal of our directors, and thereby over our corporate and management policies. In addition, TCW and its affiliates may vote their shares in a manner that, in their judgment, could enhance their investment, but which may conflict with our interests or those of our other stockholders. This concentration of ownership may also delay or deter possible changes in control of the Company or deprive our other stockholders of an opportunity to receive a premium for their shares of common stock as part of a sale of the Company, which may ultimately affect the market price of our common stock. Further, under the terms of the Securities Purchase Agreement, TCW has the right to designate up to two preferred directors (the "Preferred Directors") as members of the board of directors. TCW has initially designated Chan W. Galbato and Steven F. Mayer, both of whom are currently serving as members of the board of directors, to serve as the Preferred Directors. As a result, TCW may exercise significant influence over the composition of our board of directors and may have the ability to influence the outcome of certain matters affecting our business, governance and capitalization. We cannot predict how TCW and its affiliates will exercise their influence over the Company, and their interests may differ from, or conflict with, the interests of our other stockholders. This concentration of ownership and control may also have the effect of delaying, deterring or preventing a change in control of the Company or other transaction that might otherwise be beneficial to our other stockholders, and could adversely affect the market price of our common stock.

General Risks

Our liquidity could be adversely impacted by adverse conditions in the financial markets.

At September 30, 2026, we had $42.3 million in cash and cash equivalents. The available cash and cash equivalents are held in accounts managed by third-party financial institutions and consist of cash in our operating accounts and cash invested in money market funds. To date, we have experienced no material realized losses on or lack of access to our invested cash, or cash equivalents; however, we can provide no assurances that access to our invested cash and cash equivalents will not be impacted by adverse conditions in the financial markets.

Actual events involving reduced or limited liquidity, defaults, non-performance or other adverse developments that affect domestic and international financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds may in the future lead to market-wide liquidity problems. In addition, the tightening of the credit markets would make it more difficult to raise capital through either debt or equity offerings on commercially reasonable terms or at all.

At any point in time, we also have funds in our operating accounts that are with third-party financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or become subject to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to cash in our operating accounts.

Our operations are vulnerable to interruption or loss because of climate change, natural disasters, global or regional health pandemics or epidemics, terrorist acts and other events beyond our control, which has impacted and could in the future adversely affect our business.

Unexpected events beyond our control, including as a result of responses to epidemics or pandemics; fires or explosions; natural disasters, such as hurricanes, floods, tornadoes and earthquakes; war or terrorist activities (including the conflicts in Russia-Ukraine, Iran, the Middle East and Southwest Asia); unplanned outages; supply disruptions; and failures of equipment or systems, including telecommunications systems, or the failure to take adequate steps to mitigate the likelihood or potential impact of such events, could significantly disrupt our operations, delay or prevent product manufacturing and shipment for the time required to repair, rebuild or replace our manufacturing facilities, which could be lengthy, result in large expenses to repair or replace the facilities, and adversely affect our business, financial condition and results of operations.

Moreover, global climate change could result in certain types of natural disasters occurring more frequently or with more intense effects. The impacts of climate change may include physical risks (such as frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well-being), compliance costs, transition risks, shifts in market trends, and other adverse effects. Such impacts may disrupt parties in our supply chain, our customers, and our operations. We have facilities in countries around the world, including two manufacturing facilities in Madison, Wisconsin and Chengdu, China, each of which is equipped to manufacture unique components of our products that we may not source from other suppliers. We do not maintain backup manufacturing facilities for any of our manufacturing facilities or for our IT facilities, so we depend on each of our current facilities for the continued operation of our business. In addition, we conduct a significant portion of other activities, including administration and data processing, at facilities located in California, which has experienced major earthquakes and fires in the past, as well as other natural disasters. Chengdu, China, where one of our manufacturing facilities is located, has also experienced major earthquakes in the past. We do not carry earthquake insurance. Further, concerns about terrorism, the effects of a terrorist attack, political turmoil or an epidemic outbreak could have a negative effect on our operations and the operations of our suppliers and customers and the ability to travel, which could harm our business, financial condition and results of operations.

In addition, risks associated with climate change are subject to increasing societal, regulatory and political focus in the U.S. and globally. While the effects of climate change in the near- and long-term are difficult to predict, shifts in weather patterns caused by climate change are expected to increase the frequency, severity, or duration of certain adverse weather conditions and natural disasters, such as hurricanes, tornadoes, earthquakes, wildfires, droughts, extreme temperatures, or flooding, which could cause more significant business and supply chain interruptions, damage to our products and facilities as well as the infrastructure of hospitals, medical care facilities, and other customers, reduced workforce availability, increased costs of raw materials and components, increased liabilities, and decreased revenues than what we have experienced in the past from such events. In addition, increased public concern over climate change has and could result in new legal or regulatory requirements designed to mitigate the effects of climate change, including regulating greenhouse gas emissions, alternative energy policies, and sustainability initiatives. Further, Environmental, Social and Governance ("ESG")-related laws continue to evolve in scope and complexity, including proposed, issued and implemented legislation and rulemakings in the EU and the State of California that would require companies to assess and/or disclose climate metrics, risks, opportunities, policies and practices. These initiatives are not always consistent and could result in the adoption of more stringent environmental laws and regulations or stricter enforcement of existing laws and regulations, which could result in increased compliance burden and costs to meet such regulatory obligations and could also impact how we source raw materials from suppliers, our manufacturing operations, and how we distribute our products. There have also been changing expectations from the market and other stakeholders with respect to ESG practices. Opinions, perspectives and expectations on ESG matters may differ among our stakeholders and may evolve over time. We have been and may continue to be subject to conflicting expectations and views on various matters, and legal requirements and interpretations may change. Any such developments could have a significant effect on our operating and financial decisions, including those involving capital expenditures to comply with new regulatory requirements or stakeholder expectations, which could harm our business, financial condition and results of operations. If we fail to comply with certain ESG-related laws, our products become non-compliant with such laws, or we fail to meet the expectations of our stakeholders on ESG-related matters, it could result in a loss of market access or a decline in our success in competitive bidding or public tender processes, and we could incur costs or face other sanctions, such as restrictions on our products entering certain jurisdictions, fines, and/or civil or criminal sanctions.

Changes in interpretation or application of generally accepted accounting principles may adversely affect our operating results.

We prepare our financial statements to conform to U.S. GAAP. These principles are subject to interpretation by the Financial Accounting Standards Board, American Institute of Certified Public Accountants, the Public Company Accounting Oversight Board, the Securities and Exchange Commission and various other regulatory or accounting bodies. A change in interpretations of, or our application of, these principles can have a significant effect on our reported results and may even affect our reporting of transactions completed before a change is announced. Additionally, as we are required to adopt new accounting standards, our methods of accounting for certain items may change, which could cause our results of operations to fluctuate from period to period. Under the previous accounting guidance, we recognized system revenue upon acceptance when and if we have installation responsibilities. If circumstances change over time or interpretation of the revenue recognition rules change, we could be required to adjust the timing of recognizing revenue and our financial results could suffer.

We have not paid dividends in the past and do not expect to pay dividends in the foreseeable future.

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all future earnings for the operation and expansion of our business and, therefore, do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, and other factors our board of directors may deem relevant. If we do not pay dividends, a return on a stockholders' investment will only occur if our stock price appreciates.

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

None, other than as previously reported in our Current Report on Form 8-K filed on July 29, 2026.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the three months ended September 30, 2026, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
4.1	Form of Warrant	8-K	001-33301	4.1	7/29/2026	
10.1†	Amendment No. 3 to Financing Agreement, dated July 29, 2026, by and among Accuray Incorporated, the guarantors listed thereto, the lenders listed thereto, TCW Asset Management Company LLC, as collateral agent and administrative agent, and Wingspire Capital LLC, as servicing agent.	8-K	001-33301	10.2	7/29/2026	
10.2	Securities Purchase Agreement, dated July 29, 2026, by and between Accuray Incorporated and the Investors.	8-K	001-33301	10.1	7/29/2026	
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.	—	—	—	—	X
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.	—	—	—	—	X
32.1*	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. 1350.	—	—	—	—	X
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

* The certification attached as Exhibit 32.1 that accompanies this Quarterly Report on Form 10-Q is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Accuray Incorporated under the Securities Act or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

† Certain portions of this exhibit have been omitted because they are both not material and the type of information that the registrant treats as private or confidential.

SIGNATURES

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

ACCURAY INCORPORATED

Date: November 6, 2026

By: /s/ STEPHEN LA NEVE
Stephen La Neve
Chief Executive Officer

By: /s/ ALI PERVAIZ
Ali Pervaiz
Senior Vice President & Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

Certification

I, Steve La Neve, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Accuray Incorporated, a Delaware corporation;

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: November 6, 2026

/s/ STEVE LA NEVE

Steve La Neve
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification

I, Ali Pervaiz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Accuray Incorporated, a Delaware corporation;

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: November 6, 2026

/s/ ALI PERVAIZ
Ali Pervaiz
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Accuray Incorporated, a Delaware corporation (the "*Company*") hereby certify, to such officers' knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2026 (the "*Report*") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Date: November 6, 2026

/s/ STEVE LA NEVE
Steve La Neve
Chief Executive Officer
(Principal Executive Officer)

/s/ ALI PERVAIZ
Ali Pervaiz
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)