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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2024
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: 001-37717

Senseonics Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**3841**	**47-1210911**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

20451 Seneca Meadows Parkway
Germantown, MD 20876-7005
(301) 515-7260

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value	SENS	NYSE American

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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

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

There were 530,886,421 shares of common stock, par value $0.001, outstanding as of May 10, 2024.

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Senseonics Holdings, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 31, 2024 (unaudited)	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 90,544	$ 75,709
Restricted cash	316	—
Short term investments, net	8,169	33,747
Accounts receivable, net	1,001	808
Accounts receivable, net - related parties	2,750	3,724
Inventory, net	7,963	8,776
Prepaid expenses and other current assets	7,434	7,266
Total current assets	118,177	130,030
Deposits and other assets	6,903	7,006
Property and equipment, net	1,436	1,184
Total assets	$ 126,516	$ 138,220
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 675	$ 4,568
Accrued expenses and other current liabilities	10,034	11,744
Accrued expenses and other current liabilities, related parties	1,071	945
Note payable, current portion, net	17,937	—
Derivative liability, current portion	102	—
Total current liabilities	29,819	17,257
Long-term debt and notes payables, net	33,965	41,195
Derivative liabilities	—	102
Other liabilities	6,114	6,214
Total liabilities	69,898	64,768
Preferred stock and additional paid-in-capital, subject to possible redemption: $0.001 par value per share; 12,000 shares and 12,000 shares issued and outstanding as of March 31, 2024 and December 31, 2023	37,656	37,656
Total temporary equity	37,656	37,656
Commitments and contingencies		
Stockholders' equity:		
Common stock, $0.001 par value per share; 900,000,000 shares authorized as of March 31, 2024 and December 31, 2023; 530,817,549 shares and 530,364,237 shares issued and outstanding as of March 31, 2024 and December 31, 2023	530	530
Additional paid-in capital	906,569	904,535
Accumulated other comprehensive loss	(2)	(11)
Accumulated deficit	(888,135)	(869,258)
Total stockholders' equity	18,962	35,796
Total liabilities and stockholders' equity	$ 126,516	$ 138,220

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

Senseonics Holdings, Inc.

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

	Three Months Ended March 31,	
	2024	**2023**
Revenue, net	$ 589	$ 313
Revenue, net - related parties	4,458	3,824
Total revenue	5,047	4,137
Cost of sales	4,712	3,723
Gross profit	335	414
Expenses:		
Research and development expenses	10,438	12,405
Selling, general and administrative expenses	8,129	7,718
Operating loss	(18,232)	(19,709)
Other (expense) income, net:		
Interest income	1,384	1,108
Exchange related gain, net	—	18,776
Interest expense	(2,047)	(4,652)
Gain on change in fair value of derivatives	—	5,778
Other income	18	23
Total other (expense) income, net	(645)	21,033
Net (Loss) Income	(18,877)	1,324
Other comprehensive income		
Unrealized gain on marketable securities	9	458
Total other comprehensive gain	9	458
Total comprehensive (loss) income	$ (18,868)	$ 1,782
Basic net (loss) income per common share	$ (0.03)	$ 0.00
Basic weighted-average shares outstanding	614,588,546	497,473,222
Diluted net (loss) income per common share	$ (0.03)	$ 0.00
Diluted weighted-average shares outstanding	614,588,546	540,532,813

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

Senseonics Holdings, Inc.

Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(in thousands)

	Common Stock		Additional Paid-In	Accumulated Other	Accumulated	Total Stockholders'	Series B Convertible Preferred Stock Temporary
	Shares	Amount	Capital	Comprehensive Loss	Deficit	Equity (Deficit)	Equity
Three months ended March 31, 2023:							
Balance, December 31, 2022	479,637	$ 480	$ 806,488	$ (678)	$ (808,866)	$ (2,576)	$ 37,656
Issuance of common stock, net of issuance costs	143	—	(65)	—	—	(65)	—
Exercise of stock options and warrants	—	—	63,542	—	—	63,542	—
Stock-based compensation expense	—	—	1,781	—	—	1,781	—
Net income	—	—	—	—	1,324	1,324	—
Other comprehensive income, net of tax	—	—	—	458	—	458	—
Balance, March 31, 2023	479,780	$ 480	$ 871,746	$ (220)	$ (807,542)	$ 64,464	$ 37,656
Three months ended March 31, 2024:							
Balance, December 31, 2023	530,364	$ 530	$ 904,535	$ (11)	$ (869,258)	$ 35,796	$ 37,656
Issuance of common stock, net of issuance costs	108	—	(1)	—	—	(1)	—
Issued common stock for vested RSUs and ESPP purchase	368	—	96	—	—	96	—
Issuance of warrants, net of issuance costs	—	—	149	—	—	149	—
Stock-based compensation expense	—	—	1,801	—	—	1,801	—
Shares withheld related to net share settlement of equity awards	(22)	—	(11)	—	—	(11)	—
Net loss	—	—	—	—	(18,877)	(18,877)	—
Other comprehensive income, net of tax	—	—	—	9	—	9	—
Balance, March 31, 2024	530,818	$ 530	$ 906,569	$ (2)	$ (888,135)	$ 18,962	$ 37,656

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

Senseonics Holdings, Inc.

Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three Months Ended March 31,	
	2024	**2023**
Cash flows from operating activities		
Net (loss) income	$ (18,877)	$ 1,324
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and ROU amortization expense	169	236
Non-cash interest expense (debt discount and deferred costs)	906	3,212
Net amortization of premiums and accretion of discounts on marketable securities	(108)	(587)
Gain on change in fair value of derivatives	—	(5,778)
Exchange related gain, net	—	(18,776)
Stock-based compensation expense	1,801	1,781
Provision for inventory obsolescence	40	(15)
Other	173	56
Changes in assets and liabilities:		
Accounts receivable	744	(953)
Prepaid expenses and other current assets	(168)	1,136
Inventory	773	(874)
Deposits and other assets	20	—
Accounts payable	(3,913)	227
Accrued expenses and other liabilities	(1,416)	(267)
Accrued interest	(182)	(315)
Operating lease liabilities	(224)	(255)
Net cash used in operating activities	(20,262)	(19,848)
Cash flows from investing activities		
Capital expenditures	(316)	(57)
Purchase of marketable securities	—	(9,653)
Proceeds from sale and maturity of marketable securities	25,695	39,657
Net cash provided by investing activities	25,379	29,947
Cash flows from financing activities		
Proceeds from issuance of common stock, net	(1)	—
Proceeds from exercise of stock options and ESPP issuances, net	96	(65)
Taxes paid related to net share settlement of equity awards	(11)	(15,700)
Proceeds from issuance of Loan and Security Agreement, net	9,950	—
Proceeds from issuance of warrants, net	—	14,958
Net cash provided by (used in) financing activities	10,034	(807)
Net increase in cash, cash equivalents	15,151	9,292
Cash, cash equivalents, and restricted cash at beginning of period	75,709	35,793
Cash, cash equivalents, and restricted cash at ending of period	$ 90,860	$ 45,085
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	$ 1,323	$ 1,756
Supplemental disclosure of non-cash investing and financing activities		
Property and equipment purchases included in accounts payable and accrued expenses	22	48
Issuance of warrants in exchange for PHC Notes	—	48,550
Issuance of warrants for Loan and Security Agreement	149	—

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

Senseonics Holdings, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

1. Organization and Nature of Operations

Senseonics Holdings, Inc., a Delaware corporation, is a medical technology company focused on the development and manufacturing of long-term, implantable continuous glucose monitoring ("CGM") systems to improve the lives of people with diabetes by enhancing their ability to manage their disease with relative ease and accuracy.

Senseonics, Incorporated is a wholly owned subsidiary of Senseonics Holdings, Inc. and was originally incorporated on October 30, 1996 and commenced operations on January 15, 1997. Senseonics Holdings, Inc. and Senseonics, Incorporated are hereinafter collectively referred to as the "Company" unless otherwise indicated or the context otherwise requires.

2. Liquidity and Capital Resources

From its founding in 1996 until 2010, the Company has devoted substantially all of its resources to researching various sensor technologies and platforms. Beginning in 2010, the Company narrowed its focus to developing and refining a commercially viable glucose monitoring system. Since our inception, we have incurred significant net losses and expect to incur additional losses in the near future. We incurred total net (loss) income of ($60.4) million and $142.1 million for the years ended December 31, 2023 and 2022, respectively. For the three months ending March 31, 2024, the Company had gross profit of $0.3 million and an accumulated deficit of $ 888.1 million. To date, the Company has funded its operations principally through the issuance of preferred stock, common stock, warrants, convertible notes and debt. As of March 31, 2024, the Company had unrestricted cash, cash equivalents and marketable securities of $98.7 million.

The Company's ability to grow revenues and achieve profitability depends on the successful commercialization and adoption of our Eversense CGM systems by diabetes patients and healthcare providers, along with future product development, regulatory approvals, and post-approval requirements. These activities and continued development of the Eversense 365-day product and other future products, will require significant uses of working capital through 2024 and beyond.

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification, 205-40, Presentation of Financial Statements - Going Concern, management is required to assess the Company's ability to continue as a going concern through twelve months after issuance of the financial statements. Based on the Company's current operating plan, existing unrestricted cash, cash equivalents and marketable securities, anticipated debt repayments, and minimum cash and satisfaction of performance milestones to comply with debt covenants under its Loan and Security Agreement as discussed in Note 12, the Company has determined that substantial doubt exists regarding its ability to continue as a going concern for the one-year period following the date these condensed consolidated financial statements are issued. To sustain its future operations beyond such one-year period, the Company will require additional funding. As part of our liquidity strategy, we will continue to monitor our capital structure and market conditions, and we may finance our cash needs through public or private debt and equity financings and other sources which may include collaborations, strategic alliances, and licensing arrangements with third parties. There is no assurance that the Company will be successful in obtaining sufficient funding on acceptable terms, if at all, and could be forced to delay, reduce, or eliminate some or all of its research, clinical trials, product development or future commercialization efforts, which could materially adversely affect its business prospects or its ability to continue as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Accordingly, the condensed consolidated financial statements have been prepared on a basis that assumes the Company will continue as a going concern and that contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

On September 8, 2023 (the “Effective Date”), the Company entered into a loan agreement (the “Loan and Security Agreement”) with the several institutions or entities party thereto (collectively, the “Lenders") and Hercules Capital, Inc., a Maryland corporation (“Hercules”) in its capacity as administrative agent and collateral agent for itself and the Lenders, pursuant to which the Lenders have agreed to make available to the Company up to $50.0 million in senior secured term loans (the “Term Loan Facility”), consisting of (i) an initial term loan of $25.0 million (the “Tranche 1 Loan”), which was funded on the Effective Date and (ii) two additional tranches of term loans in the amounts of up to $10.0 million (the “Tranche 2 Loan”) and $15.0 million (the “Tranche 3 Loan”), respectively, which will become available to the Company upon the Company’s satisfaction of certain terms and conditions set forth in the Loan and Security Agreement. In December 2023, we met the terms and conditions to draw on the Tranche 2 Loan and the loan was funded on January 2, 2024 in an amount of $10.0 million. The loans under the Loan and Security Agreement mature on September 1, 2027 (the “Maturity Date”).

On August 10, 2023, the Company entered into separate, privately negotiated exchange agreements (the “Exchange Agreements”) with a limited number of holders (the “Noteholders”) of the Company’s currently outstanding 5.25% Convertible Senior Notes due 2025 (the “2025 Notes”). Under the terms of the Exchange Agreements, the Noteholders agreed to exchange with the Company (the “Exchanges”) up to $30.8 million in aggregate principal amount of the 2025 Notes (the “Exchanged Notes”) for a combination of $7.5 million of cash and newly issued shares of common stock (the “Exchange Shares”). The number of Exchange Shares was determined based upon the volume-weighted average price per share of the common stock during a 15-day averaging period commencing on August 11, 2023 and ending August 31, 2023. Based on the volume-weighted average price per share of the common stock during the averaging period, a total of 35.1 million shares of common stock were issued in the Exchanges. The Exchanges were settled on the initial share issuance date of August 14, 2023 and the final settlement date of September 5, 2023.

In August 2023, the Company entered into an Equity Distribution Agreement (the “Equity Distribution Agreement”) with Goldman Sachs & Co. LLC (“GS”), under which the Company could offer and sell, from time to time, at its sole discretion, shares of its common stock having an aggregate offering price of up to $106.6 million through GS as its sales agent in an “at the market” offering, which represented the remaining capacity under our then-existing at the market program with Jefferies LLC (“Jefferies”), as described below. GS will receive a commission up to 3.0% of the gross proceeds of any common stock sold through GS under the Equity Distribution Agreement. The shares will be offered and sold pursuant to an effective shelf registration statement on Form S-3, which was originally filed with the Securities and Exchange Commission on August 10, 2023. As of March 31, 2024, the Company received approximately $0.1 million in net proceeds from the sale of 108,026 shares under the Equity Distribution Agreement.

In November 2021, we entered into the 2021 Sales Agreement with Jefferies, under which we could offer and sell, from time to time, at our sole discretion, shares of our common stock having an aggregate offering price of up to $150.0 million through Jefferies as our sales agent in an “at the market” offering. Jefferies received commissions up to 3.0% of the gross proceeds of any common stock sold through Jefferies under the 2021 Sales Agreement. During 2023, the Company received $7.4 million in net proceeds from the sale of 9,944,663 shares of its common stock under the 2021 Sales Agreement. Effective August 7, 2023, the Company and Jefferies mutually agreed to terminate the 2021 Sales Agreement. At the time of termination, approximately $106.6 million remained available for issuance pursuant to the 2021 Sales Agreement.

On August 9, 2020, the Company entered into a financing agreement with the parent company of Ascensia Diabetes Care Holdings AG (“Ascensia”), PHC Holdings Corporation (“PHC”), pursuant to which the Company issued $35.0 million in aggregate principal amount of Senior Secured Convertible Notes due on October 31, 2024 (the “PHC Notes”), to PHC. The Company also issued 2,941,176 shares of common stock to PHC as a financing fee. The Company also has the option to sell and issue PHC up to $15.0 million of convertible preferred stock on or before December 31, 2022, contingent upon obtaining U.S. Food and Drug Administration (“FDA”) approval for the 180-day Eversense product for marketing in the United States before such date. The Company successfully obtained FDA approval in February 2022 and the option was not exercised. As described in Note 12, on March 13, 2023, the Company entered into an Exchange Agreement (the “PHC Exchange Agreement”) with PHC, pursuant to which PHC agreed to exchange (the “PHC Exchange”) its $35.0 million aggregate principal amount of the PHC Notes, including all accrued and unpaid

interest thereon, for a warrant (the “PHC Exchange Warrant”) to purchase up to 68,525,311 shares of the Company’s common stock, $0.001 par value per share (the “PHC Exchange Warrant Shares”). The PHC Exchange Warrant is a “pre-funded” warrant with a nominal exercise price of $0.001 per PHC Exchange Warrant Share. On March 31, 2023, (6:00 am Japan Standard Time on April 1, 2023) the PHC Exchange was consummated, and the Company issued the PHC Exchange Warrant in consideration for the cancellation of the PHC Notes.

On March 13, 2023, the Company entered into a securities purchase agreement (the “Securities Purchase Agreement”) with PHC, pursuant to which the Company issued and sold to PHC in a private placement (the “Private Placement”) a warrant (the “Purchase Warrant”) to purchase 15,425,750 shares of the Company’s common stock, $ 0.001 par value per share (the “Purchase Warrant Shares”). The purchase price of the Purchase Warrant was approximately $0.97 per Purchase Warrant Share, representing the undiscounted, trailing 10-day volume weighted average price of the Company’s common stock through March 10, 2023. The Purchase Warrant is a “pre-funded” warrant with a nominal exercise price of $0.001 per Purchase Warrant Share. The issuance of the Purchase Warrants enabled PHC to maintain, as of the closing of the transaction, a 15% beneficial ownership for purposes of the Investor Rights Agreement, dated August 9, 2020, between the Company and PHC. The Private Placement closed on March 13, 2023 (the “Private Placement Closing Date”) and the Company received aggregate gross proceeds of $15.0 million, before deducting private placement expenses payable by the Company.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Although the Company considers the disclosures in these unaudited consolidated financial statements to be adequate to make the information presented not misleading, certain information or footnote information normally included in consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted as permitted under the rules and regulations of the SEC. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of financial position at March 31, 2024, and December 31, 2023, results of operations, comprehensive income (loss), and changes in stockholder’s deficit for the three months ended March 31, 2024 and 2023 and cash flows for the three months ended March 31, 2024 and 2023 have been included. The unaudited condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on March 1, 2024. The interim results for March 31, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024, or for any future interim periods.

The unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, substantial doubt about the Company’s ability to continue as a going concern exists. As discussed in Note 2, based on the Company's current operating plan, existing unrestricted cash, cash equivalents and marketable securities, anticipated debt repayments, and minimum cash and satisfaction of performance milestones to comply with debt covenants under its Loan and Security Agreement as discussed in Note 12, the Company has determined that substantial doubt exists regarding its ability to continue as a going concern. The Company will require additional liquidity to continue its operations over the next 12 months and we are currently evaluating strategies to obtain the required additional funding for future operations.

The consolidated financial statements reflect the accounts of Senseonics Holdings, Inc. and its wholly owned operating subsidiary Senseonics, Incorporated. The Company views its operations and manages its business in one segment, glucose monitoring products. Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance.

Recent Accounting Pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires that an entity report segment information in accordance with Topic 280, Segment Reporting. The amendment in the ASU is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, on a retrospective basis, with early adoption permitted. The Company is currently evaluating the impact of the new standard on its financial statements and disclosures.

In December 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), the objective of which is to enhance the transparency of income tax disclosures by requiring greater disaggregation of information presented and consistent categories in the rate reconciliation. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, or our fiscal year 2025, using either a prospective or retrospective transition method, and early adoption is permitted. The Company is currently evaluating the impact of the new standard on its financial statements and disclosures.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. In the accompanying unaudited consolidated financial statements, estimates are used for, but not limited to, stock-based compensation, recoverability of long-lived assets, deferred taxes and valuation allowances, fair value of investments, derivative assets and liabilities, obsolete inventory, warranty obligations, variable consideration related to revenue, allowance for credit losses, depreciable lives of property and equipment, and accruals for clinical study costs, which are accrued based on estimates of work performed under contract. The Company bases these estimates on historical and anticipated results, trends, and various other assumptions that it believes are reasonable, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities and recorded revenues and expenses. Actual results could differ from those estimates; however, management does not believe that such differences would be material.

Significant Accounting Policies

The accounting policies used by the Company in its presentation of interim financial results are consistent with those presented in Note 3 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

4. Revenue Recognition

The Company generates product revenue from sales of the Eversense system and related components and supplies to Ascensia, through a collaboration and commercialization agreement (the "Ascensia Commercialization Agreement"), third-party distributors in the European Union and to strategic fulfillment partners in the United States (collectively, the "Customers"), who then resell the products to health care providers and patients. Customers pay the Company for sales, regardless of whether or not the Customers resell the products to health care providers and patients. The Company's policies for recognizing sales have not changed from those described in our Annual Report on Form 10-K for the year ended December 31, 2023.

Revenue by Geographic Region

The following table sets forth net revenue derived from the Company's two primary geographical markets, the United States and outside of the United States, based on the geographic location to which the Company delivers the product, for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024	
(Dollars in thousands)	**Amount**	**% of Total**
Revenue, net:		
United States	$ 3,677	72.8 %
Outside of the United States	1,370	27.2
Total	$ 5,047	100.0 %

	Three Months Ended March 31, 2023	
(Dollars in thousands)	**Amount**	**% of Total**
Revenue, net:		
United States	$ 2,162	52.3 %
Outside of the United States	1,975	47.7
Total	$ 4,137	100.0 %

Contract Assets

Contract assets consist of unbilled receivables from customers and are recorded at net realizable value and relate to the revenue share variable consideration from the Ascensia Commercialization Agreement. Accounts receivable – related parties, net as of March 31, 2024 and December 31, 2023 included unbilled accounts receivable of $1.3 million and $1.5 million, respectively. The Company expects to invoice and collect all unbilled accounts receivable within 12 months.

Concentration of Revenue and Customers

For the three months ended March 31, 2024 and 2023, the Company derived 88% and 92%, respectively, of its total revenue from one customer, Ascensia. Revenues for these corresponding periods represent sales of sensors, transmitters and miscellaneous Eversense system components.

5. Net (Loss) Income per Share

Basic net (loss) income per share attributable to common stockholders is calculated by dividing the net (loss) income attributable to common stockholders by the weighted-average number of common shares outstanding during the period. An aggregate of 83,951,061 shares of common stock issuable upon the exercise of the PHC Exchange Warrant Shares and the Purchase Warrant Shares held by PHC are included in the number of outstanding shares used for the computation of basic net (loss) income per share for the three months ended March 31, 2024 and 2023. Since the shares are issuable for little or no consideration, sometimes referred to as "penny warrants", they are considered outstanding in the context of earnings per share, as discussed in ASC 260-10-45-13.

Dilutive net (loss) income per share is computed using the weighted average number of common shares outstanding during the period and, when dilutive, potential common share equivalents. Potentially dilutive common

shares consist of shares issuable from restricted stock units, stock options, warrants and the Company's convertible notes. Potentially dilutive common shares issuable upon vesting of restricted stock units and exercise of stock options and warrants are determined using the average share price for each period under the treasury stock method. Potentially dilutive common shares issuable upon conversion of the Company's convertible notes are determined using the if converted method. The if-converted method assumes conversion of convertible securities at the beginning of the reporting period. Interest expense, dividends, and the changes in fair value measurement recognized during the period are added back to the numerator. The denominator includes the common shares issuable upon conversion of convertible securities.

In periods of net loss, all potentially dilutive common shares are excluded from the computation of the diluted net loss per share for those periods, as the effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted net (loss) income per share for the periods shown:

	Three Months Ended March 31,	
	2024	**2023**
Net (loss) income	$ (18,877)	$ 1,324
Impact of conversion of dilutive securities	—	(2,293)
Dilutive Net loss	$ (18,877)	$ (969)
Net (loss) income per share		
Basic	$ (0.03)	$ 0.00
Diluted	$ (0.03)	$ (0.00)
Basic weighted average shares outstanding	614,588,546	497,473,222
Dilutive potential common stock outstanding		
Stock-based awards	—	2,905,016
2025 Notes	—	39,211,358
Warrants	—	943,217
Diluted weighted average shares outstanding	614,588,546	540,532,813

Outstanding anti-dilutive securities not included in the diluted net (loss) income per share calculations were as follows:

	Three Months Ended March 31,	
	2024	**2023**
Stock-based awards	30,247,442	16,484,020
2025 Notes	15,622,814	—
Series B Preferred Stock	30,372,058	30,372,058
Warrants	1,608,070	427,821
Total anti-dilutive shares outstanding	77,850,384	47,283,899

6. Marketable Securities

Marketable securities available for sale, were as follows (in thousands):

	March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Commercial Paper	$ 4,671	$ —	$ (2)	$ 4,669
Corporate debt securities	—	—	—	—
Asset backed securities	—	—	—	—
Government and agency securities	3,500	—	—	3,500
Total	$ 8,171	$ —	$ (2)	$ 8,169

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Commercial Paper	$ 7,598	$ —	$ —	$ 7,598
Corporate debt securities	7,980	1	—	7,981
Government and agency securities	18,180	—	(12)	18,168
Total	$ 33,758	$ 1	$ (12)	$ 33,747

The following are the scheduled maturities as of March 31, 2024 (in thousands):

	Net Carrying Amount	Fair Value
2024 (remaining nine months)	$ 8,171	$ 8,169
Total	$ 8,171	$ 8,169

The Company periodically reviews its portfolio of debt securities to determine if any investment is impaired due to credit loss or other potential valuation concerns. For debt securities where the fair value of the investment is less than the amortized cost basis, the Company assesses at the individual security level, for various quantitative factors including, but not limited to, the nature of the investments, changes in credit ratings, interest rate fluctuations, industry analyst reports, and the severity of impairment. Unrealized losses on available-for-sale securities at March 31, 2024 were not significant and were primarily due to changes in interest rates and not due to increased credit risk associated with specific securities. The Company does not intend to sell these impaired investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity.

7. Inventory, net

Inventory, net of reserves, consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Finished goods	$ 2,092	$ 2,160
Work-in-process	4,602	5,332
Raw materials	1,269	1,284
Total	$ 7,963	$ 8,776

The Company recorded less than $0.1 million in cost of sales for the three months ended March 31, 2024 and the three months ended March 31, 2023 to reduce the value of inventory for items that are potentially obsolete due to expiry, in excess of product demand, or to adjust costs to their net realizable value.

8. Prepaid Expenses and Other Current Assets

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

	March 31, 2024	December 31, 2023
Contract manufacturing[1]	$ 3,891	$ 4,244
Tax credits receivable[2]	1,793	1,793
Insurance	745	73
Clinical and Preclinical	461	343
IT and software	202	242
Sales and Marketing	117	20
Rent and utilities	96	122
Interest receivable	89	272
Accounting and Audit	38	61
Research and development	—	95
Other	2	1
Total prepaid expenses and other current assets	$ 7,434	$ 7,266

(1) Includes deposits to contract manufacturers for manufacturing process.
(2) Refundable employee retention credits, enacted under the CARES Act.

9. Accrued Expenses and Other Current Liabilities

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

	March 31, 2024	December 31, 2023
Research and development	$ 4,213	$ 3,846
Professional and administrative services	2,123	673
Contract manufacturing	1,438	1,457
Compensation and benefits	1,399	4,799
Sales and marketing services	530	301
Interest on notes payable	521	704
Product warranty and replacement obligations	485	514
Operating lease	383	368
Other	13	27
Total accrued expenses and other current liabilities	$ 11,105	$ 12,689

10. Leases

The Company leases approximately 33,000 square feet of research and office space for its corporate headquarters under a non-cancelable operating lease. In May 2023, the Company amended our lease, extending the lease term through May 31, 2033, and obtained a tenant improvement allowance of $1.3 million. The Company accounted for the amendment as a lease modification and remeasured the ROU asset and lease liability as of the amendment date, which resulted in an increase of $2.5 million to the ROU asset, and an increase of $ 3.8 million to the lease liability. The Company has one option to extend the term for an additional period of five years beginning on June 1, 2033. The rent expense is recognized on a straight-line basis through the end of the lease term, excluding option renewals. The difference between the straight-line rent amounts and amounts payable under the lease is recorded as deferred rent.

Operating lease expense was $0.2 million for both three months ended March 31, 2024 and 2023.

The following table summarizes the lease assets and liabilities as of March 31, 2024 and December 31, 2023 (in thousands):

Operating Lease Assets and Liabilities	Balance Sheet Classification	March 31, 2024	December 31, 2023
Assets			
Operating lease ROU assets	Deposits and other assets	$ 5,097	$ 5,180
Liabilities			
Current operating lease liabilities	Accrued expenses and other current liabilities	$ 383	$ 368
Non-current operating lease liabilities	Other non-current liabilities	6,114	6,214
Total operating lease liabilities		$ 6,497	$ 6,582

The following table summarizes the maturity of undiscounted payments due under operating lease liabilities and the present value of those liabilities as of March 31, 2024 (in thousands):

2024 (remaining 9 months)	$ 688
2025	939
2026	967
2027	996
2028	1,026
Thereafter	4,908
Total	9,524
Less: Present value adjustment	(3,027)
Present value of lease liabilities	$ 6,497

The following table summarizes the weighted-average lease term and weighted-average discount rate as of March 31, 2024:

Remaining lease term (years)	2024
Operating leases	9.2
Discount rate	
Operating leases	8.5 %

11. Product Warranty Obligations

The Company provides a warranty of one year on its smart transmitters. Additionally, the Company may also replace Eversense system components that do not function in accordance with the product specifications. Estimated replacement costs are recorded at the time of shipment as a charge to cost of sales in the consolidated statement of

operations and are developed by analyzing product performance data and historical replacement experience, including comparing actual replacements to revenue.

The warranty reserve was $0.5 million at each March 31, 2024 and December 31, 2023. The following table provides a reconciliation of the change in estimated warranty liabilities for the three months ended March 31, 2024, and for the twelve months ended December 31, 2023 (in thousands):

	March 31, 2024	December 31, 2023
Balance at beginning of the period	$ 514	$ 781
Provision for warranties during the period	66	242
Settlements made during the period	(95)	(509)
Balance at end of the period	$ 485	$ 514

12. Notes Payable, Preferred Stock and Stock Purchase Warrants

Term Loans

Loan and Security Agreement

On September 8, 2023 (the “Effective Date”), the Company entered into a loan agreement (the “Loan and Security Agreement”) with Hercules Capital, Inc. and its managed fund (collectively, the “Lenders"), pursuant to which the Lenders have agreed to make available to Senseonics up to $50.0 million in senior secured term loans (the “Term Loan Facility”), consisting of (i) an initial term loan of $25.0 million (the “Tranche 1 Loan”), which was funded on the Effective Date and (ii) two additional tranches of term loans in the amounts of up to $10.0 million (the “Tranche 2 Loan”) and $ 15.0 million (the “Tranche 3 Loan”), respectively, which will become available to Senseonics upon Senseonics’ satisfaction of certain terms and conditions set forth in the Loan and Security Agreement. In December 2023, the Company met the terms and conditions to draw on Tranche 2 Loan and the loan was funded on January 2, 2024 in an amount of $10.0 million. The loans under the Loan and Security Agreement mature on September 1, 2027 (the “Maturity Date”).

The loans under the Loan and Security Agreement bear interest at an annual rate equal to the greater of (i) the prime rate as reported in The Wall Street Journal *plus* 1.40% and (ii) 9.90%. Borrowings under the Loan and Security Agreement are repayable in monthly interest-only payments through (a) initially, September 1, 2026 and (b) if the Company satisfies the Interest Only Extension Conditions (as defined in the Loan and Security Agreement), the Maturity Date. After the interest-only payment period, borrowings under the Loan and Security Agreement are repayable in equal monthly payments of principal and accrued interest until the Maturity Date.

At the Company’s option, the Company may prepay all or any portion of the outstanding borrowings under the Loan and Security Agreement, subject to a prepayment fee equal to (a) 3.0% of the principal amount being prepaid if the prepayment occurs within one year of the Effective Date, 2.0% of the principal amount being prepaid if the prepayment occurs during the second year following the Effective Date, and 1.00% of the principal amount being prepaid if the prepayment occurs more than two years after the Effective Date and prior to the Maturity Date. In addition, the Company paid a $375,000 facility fee upon closing and will pay additional facility charges in connection with any borrowing of the Tranche 2 Loan or Tranche 3 Loan, in each case in the amount of 0.50% of the amount of such tranche of loans. The Loan and Security Agreement also provides for an end of term fee in an amount equal to 6.95% of the aggregate principal amount of loan advances actually made under the Loan and Security Agreement, which fee is due and payable on the earliest to occur of (i) the Maturity Date, (ii) the date the Company prepays the outstanding loans in full, and (iii) the date that the secured obligations become due and payable. The end of term fee is accreted to interest expense over the term of the loans.

The Company’s obligations under the Loan and Security Agreement are secured, by a first-priority security interest in substantially all of its assets. The Loan and Security Agreement contains a minimum cash covenant that requires the Company to hold unrestricted cash equal to 30% of the outstanding loan amount under the Loan and

Security Agreement. The Loan and Security Agreement also contains a performance covenant, commencing on July 1, 2024, that requires the Company to generate net product revenue on a trailing six-month basis in excess of specified percentage for applicable measuring periods, subject to certain exceptions.

In addition, the Loan and Security Agreement contains customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, liens, investments, mergers, corporate changes, dispositions, prepayment of other indebtedness, and dividends and other distributions, subject to certain exceptions. The Loan and Security Agreement also contains events of default including, among other things, payment defaults, breach of covenants, material adverse effect, breach of representations and warranties, cross-default to material indebtedness, bankruptcy-related defaults, judgment defaults, revocation of certain government approvals, and the occurrence of certain adverse events. Following an event of default and any applicable cure period, a default interest rate equal to the then-applicable interest rate plus 4.0% may be applied to the outstanding amount, and the Lenders will have the right to accelerate all amounts outstanding under the Loan and Security Agreement, in addition to other remedies available to them as secured creditors of the Company.

In addition, in connection with the issuance of the Tranche 1 Loan, the Company issued warrants to the Lenders (collectively, the “Warrants”) to acquire an aggregate of 832,362 shares of the Company’s common stock at an exercise price of $0.6007 per share (the “Warrant Shares”). The Warrants may be exercised through the earlier of (i) the seventh anniversary of the Effective Date and (ii) the consummation of certain acquisition transactions involving the Company, as set forth in the Warrants. The number of Warrant Shares for which the Warrants are exercisable and the associated exercise price are subject to certain customary proportional adjustments for fundamental events, including stock splits and reverse stock splits, as set forth in the Warrants. The proceeds from the Loan and Security Agreement were allocated between the Tranche 1 Loan and the Warrants based on their respective fair value of $25.0 million and $0.4 million, and the amount allocated to the Warrants was recorded in equity resulting in a debt discount to the Tranche 1 Loan that is being amortized as additional interest expense over the term of the Loan and Security Agreement using the effective interest method. On January 2, 2024, in connection with the issuance of the Tranche 2 Loan the Company issued additional warrants to the Lenders (collectively, the Tranche 2 Warrants”) to acquire an aggregate of 347,887 shares at an exercise price of $0.5749 per share (the “Tranche 2 Warrant Shares”).

In connection with Loan and Security Agreement, the Company incurred $ 1.1 million in debt issuance costs and debt discounts which are netted against the principal balance of the initial term loan and amortized as interest expense over the term of the initial term loan using an effective interest rate of 12.92%.

Pursuant to the Loan and Security Agreement, the Company also agreed to issue additional seven year term warrants upon the funding of the Tranche 3 Loan, which warrants would be exercisable for an aggregate number of shares equal to 2.0% of the funded loan amount divided by the exercise price equal to the three-day volume-weighted average price at the time of each advance.

Convertible Preferred Stock and Warrants

Securities Purchase Agreement

On March 13, 2023, pursuant to the Securities Purchase Agreement with PHC, the Company issued and sold to PHC in a private placement a warrant (the “Purchase Warrant”) to purchase 15,425,750 shares of common stock (the “Purchase Warrant Shares”). The Purchase Warrant is a “pre-funded” warrant with a nominal exercise price of $0.001 per Purchase Warrant Share. On the Private Placement Closing Date, the Company received aggregate gross proceeds of $15.0 million, before deducting private placement expenses payable by the Company. All or any part of the Purchase Warrant is exercisable by the holder at any time and from time to time.

The Company determined that the Purchase Warrant shall be classified as equity in accordance with ASC Topic 480, Distinguishing Liabilities from Equity and ASC Topic 815. At issuance, the Company recorded the estimated fair value of the Purchase Warrant in the amount of $14.3 million as additional paid-in-capital in the Company’s consolidated balance sheets.

Because PHC was an existing stockholder of the Company at the time of the transaction, the $ 0.7 million excess of the purchase price over the fair value of the Purchase Warrant was recognized as an equity transaction and recorded as a capital contribution made by PHC to the Company as additional paid-in-capital in the Company's consolidated balance sheets.

Additionally, on March 13, 2023, the Company entered into the Exchange Agreement with PHC, pursuant to which PHC agreed to exchange (the "PHC Exchange") its $35.0 million aggregate principal amount of the PHC Notes, including all accrued and unpaid interest thereon, for a warrant (the "PHC Exchange Warrant") to purchase up to 68,525,311 shares of common stock (the "PHC Exchange Warrant Shares"). The PHC Exchange Warrant is a "pre-funded" warrant with a nominal exercise price of $0.001 per PHC Exchange Warrant Share. All or any part of the PHC Exchange Warrant is exercisable by the holder at any time and from time to time. The number of PHC Exchange Warrant Shares represents the number of shares of common stock previously issuable upon conversion of the PHC Notes, in accordance with the original terms of the notes, including a number of shares in respect of accrued and unpaid interest through the closing date, plus additional shares with a value of $675,000 reflecting a portion of the future interest payments forgone by PHC. On March 31, 2023 (6:00 am Japan Standard Time on April 1, 2023), the PHC Exchange was consummated, and the Company issued the PHC Exchange Warrant in consideration for the cancellation of the PHC Notes.

The Company determined that the PHC Exchange Warrant shall be classified as equity in accordance with ASC 480 and ASC 815. At March 31, 2023, the Company recorded the estimated fair value of the PHC Exchange Warrant in the amount of $48.6 million as additional paid-in-capital in the Company's consolidated balance sheets.

As of March 31, 2024, the Purchase Warrant and the PHC Exchange Warrant remained unexercised and outstanding. As they are prefunded warrants, the Company included the entirety of the warrant shares as weighted average outstanding shares in the calculation of its basic earnings per share.

Convertible Notes

PHC Notes

On August 9, 2020, the Company entered into a Note Purchase Agreement (the "Note Purchase Agreement") with PHC, as the purchaser (together with the other purchasers from time-to-time party thereto, the "Note Purchasers") and Alter Domus (US) LLC, as collateral agent. Pursuant to the Note Purchase Agreement, the Company borrowed $35.0 million in aggregate principal through the issuance and sale of the PHC Notes on August 14, 2020 (the "Closing Date"). The Company also issued 2,941,176 shares of its common stock, $0.001 par value per share to PHC as a financing fee (the "Financing Fee Shares") on the Closing Date. The Financing Fee Shares are accounted for as debt discount in the amount of $1.5 million.

The PHC Notes were senior secured obligations of the Company and were guaranteed on a senior secured basis by the Company's wholly owned subsidiary, Senseonics, Incorporated. Interest at the initial annual rate of 9.5% is payable semi-annually in cash or, at the Company's option, payment in kind. The interest rate decreased to 8.0% in April 2022 as a result of the Company having obtained FDA approval for the 180-day Eversense E3 system for marketing in the United States. The maturity date for the PHC Notes was October 31, 2024 (the "Maturity Date"). The obligations under the PHC Notes were secured by substantially all of the Company's and its subsidiary's assets.

Each $1,000 of principal of the PHC Notes (including any interest added thereto as payment in kind) was convertible into 1,901.7956 of shares of the Company's stock, equivalent to a conversion price of approximately $0.53 per share, subject to specified anti-dilution adjustments, including adjustments for the Company's issuance of equity securities on or prior to April 30, 2022 below the conversion price. In addition, following a notice of redemption or certain corporate events that occurred prior to the maturity date, the Company would have been required to pay cash in lieu of delivering make whole shares unless the Company obtained stockholder approval to issue such shares.

Subject to specified conditions, on or after October 31, 2022, the PHC Notes would have become redeemable by the Company if the closing sale price of the common stock were to exceed 275% of the conversion price for a specified period of time and subject to certain conditions upon 10 days prior written notice at a cash redemption price equal to the then outstanding principal amount (including any payment in kind interest which has been added to such amount), plus any accrued but unpaid interest. On or after October 31, 2023, the PHC Notes would have become redeemable by the Company upon 10 days prior written notice at a cash redemption price equal to the then outstanding principal amount (including any payment in kind interest which had been added to such amount), plus any accrued but unpaid interest, plus a call premium of 130% if redeemed at least six months prior to the Maturity Date or a call premium of 125% if redeemed within six months of the Maturity Date.

The Note Purchase Agreement contained customary terms and covenants, including financial covenants, such as operating within an approved budget and achieving minimum revenue and liquidity targets, and negative covenants, such as limitations on indebtedness, liens, mergers, asset transfers, certain investing activities and other matters customarily restricted in such agreements. Most of these restrictions were subject to certain minimum thresholds and exceptions. The Note Purchase Agreement also contained customary events of default, after which the PHC Notes would have become due and payable immediately, including defaults related to payment compliance, material inaccuracy of representations and warranties, covenant compliance, material adverse changes, bankruptcy and insolvency proceedings, cross defaults to certain other agreements, judgments against the Company, change of control or delisting events, termination of any guaranty, governmental approvals, and lien priority.

The Company also had the option to sell and issue PHC up to $15.0 million of convertible preferred stock on or before December 31, 2022 (the “PHC Option”), which was initially contingent upon obtaining FDA approval for the 180-day Eversense product for marketing in the United States before such date, and which approval the Company successfully obtained in February 2022. The PHC option was not exercised and expired on December 31, 2022 and the Company recognized a loss on extinguishment of $0.1 million.

The Note Purchase Agreement also contained several provisions requiring bifurcation as a separate derivative liability including an embedded conversion feature, mandatory prepayment upon event of default that constitutes a breach of the minimum revenue financial covenant, optional redemption upon an event of default, change in interest rate after PMA approval and default interest upon an event of default. On the date of issuance, the Company recorded the fair value of the embedded features in the amount of $25.8 million as a derivative liability in the Company’s consolidated balance sheets in accordance with ASC 815. The derivative was adjusted to fair value at each reporting period, with the change in the fair value recorded in change in fair value of derivatives that is a component of other income (expense) in the Company’s consolidated statement of operations and comprehensive loss.

In connection with the issuance of the PHC Notes, the Company incurred $2.9 million in debt issuance costs and debt discounts. The associated debt issuance costs were recorded as a contra liability in the amount of $1.4 million and were deferred and amortized as additional interest expense over the term of the notes at an effective interest rate of 29.19%. There were no conversions of the PHC Notes prior to the exchange of the PHC Notes for the PHC Exchange Warrant described above.

As described above, the PHC Exchange Agreement with PHC was consummated on March 31, 2023, whereby PHC exchanged the PHC Notes in $35.0 million principal amount and all accrued and unpaid interest for the PHC Exchange Warrant. On March 31, 2023, the Company was released from its obligation under the PHC Notes.

Upon execution of the PHC Exchange Agreement, the exercise of the original conversion feature of the PHC Notes became remote. Accordingly, the Company remeasured the embedded derivative to its fair value of $0. The Company recognized a change in fair value of the embedded derivative of $44.2 million in the caption “Exchange related gain (loss), net” that is a component of other income (expense) in the Company’s consolidated statement of operations and comprehensive loss.

The Company accounted for the PHC Exchange as an extinguishment of the PHC Notes, and thus, it derecognized the PHC Notes in its consolidated balance sheets and recognized a loss of $25.4 million as the difference between the carrying value plus accrued interest of the PHC Notes of $23.2 million and the $48.6 million fair value of

the PHC Exchange Warrant as an extinguishment loss in the caption “Exchange related gain, net” that is a component of other income (expense) in the Company’s consolidated statement of operations and comprehensive loss. As a result of the PHC Exchange, the Company recognized a total net gain on exchange of the PHC notes of $18.8 million representing the gain on change in the fair value of the PHC Notes conversion feature recognized as an embedded derivative and the loss on extinguishment of the PHC Notes in exchange for the PHC Exchange Warrant.

2025 Notes

In July 2019, the Company issued $82.0 million in aggregate principal amount of senior convertible notes that will mature on January 15, 2025 (the “2025 Notes”), unless earlier repurchased or converted. The 2025 Notes are convertible, at the option of the holders, into shares of the Company’s common stock, at an initial conversion rate of 757.5758 shares per $1,000 principal amount of the 2025 Notes (equivalent to an initial conversion price of approximately $1.32 per share).

The 2025 Notes also contained an embedded conversion option requiring bifurcation as a separate derivative liability, along with the fundamental change make-whole provision and the cash settled fundamental make-whole shares provision. The derivative is adjusted to fair value at each reporting period, with the change in the fair value recorded to other income (expense) in the Company’s consolidated statement of operations and comprehensive loss.

On April 21, 2020, $24.0 million aggregate principal of the Company’s outstanding 2025 Notes held by Highbridge Capital Management, LLC (“Highbridge”) were settled pursuant to an exchange agreement. Between September 3, 2020 and January 27, 2021, $6.8 million in aggregate principal of the 2025 Notes were converted into 5,152,259 shares of common stock. Accordingly $3.2 million of allocated deferred issuance costs and debt discounts were recognized as a loss on extinguishment of debt.

On August 10, 2023, the Company entered into separate, privately negotiated exchange agreements (the “Exchange Agreements”) with a limited number of holders (the “Noteholders”) of the Company’s currently outstanding 2025 Notes. Under the terms of the Exchange Agreements, the Noteholders agreed to exchange with the Company (the “Exchanges”) up to $30.8 million in aggregate principal amount of the 2025 Notes (the “Exchanged Notes”) for a combination of $7.5 million of cash and newly issued shares of common stock (the “Exchange Shares”). The number of Exchange Shares was determined based upon the volume-weighted average price per share of the common stock during a 15-day averaging period commencing on August 11, 2023 and ending August 31, 2023. Based on the volume-weighted average price per share of the common stock during the averaging period, a total of 35.1 million shares of common stock were issued in the Exchanges. The Exchanges were settled on the initial share issuance date of August 14, 2023 and the final settlement date of September 5, 2023.

The Company accounted for the Exchanges as an extinguishment of the Exchanged Notes and the associated embedded derivative and recognized a loss of $4.6 million in the caption “Exchange related gain (loss), net” that is a component of other income (expense) in the Company’s consolidated statement of operations and comprehensive loss. The extinguishment loss represents the difference between (i) the carrying value of the Exchanged Notes (inclusive of the fair value of the embedded derivative) and (ii) the sum of $7.5 million cash payment, the fair value of the Exchanged Shares, and transaction costs incurred in the Exchange.

Following the Exchanges, approximately $20.4 million aggregate principal amount of the 2025 Notes remain outstanding. The remaining unamortized debt discount and debt issuance costs are amortized as interest expense over the term of the loan at an effective interest rate of 15.54%. The fair value of the derivative at March 31, 2024 and December 31, 2023 was $0.1 million.

2023 Notes

In the first quarter of 2018, the Company issued $53.0 million in aggregate principal amount of senior convertible notes due February 1, 2023 (the “2023 Notes”). In July 2019, the Company used the net proceeds from the issuance of the 2025 Notes to repurchase $37.0 million aggregate principal amount of the outstanding 2023 Notes. Each $1,000 of principal of the 2023 Notes is initially convertible into 294.1176 shares of the Company’s common stock,

which is equivalent to an initial conversion price of approximately $3.40 per share, subject to adjustment upon the occurrence of specified events. Holders may convert at any time prior to February 1, 2023. Holders who convert on or after the date that is six months after the last date of original issuance of the 2023 Notes but prior to February 1, 2021, may also be entitled to receive, under certain circumstances, an interest make-whole payment payable in shares of common stock. If specific corporate events occur prior to the maturity date, the Company will increase the conversion rate pursuant to the make-whole fundamental change provision for a holder who elects to convert their 2023 Notes in connection with such an event in certain circumstances. Additionally, if a fundamental change occurs prior to the maturity date, holders of the 2023 Notes may require the Company to repurchase all or a portion of their 2023 Notes for cash at a repurchase price equal to 100% of the principal amount plus any accrued and unpaid interest.

The Company bifurcated the embedded conversion option, along with the interest make-whole provision and make-whole fundamental change provision, and in January 2018 recorded the embedded features as a debt discount and derivative liability in the Company's consolidated balance sheets at its initial fair value of $17.3 million. Additionally, the Company incurred transaction costs of $2.2 million. The debt discount and transaction costs are being amortized to interest expense over the term of the 2023 Notes at an effective interest rate of 9.30%. The derivative is adjusted to fair value at each reporting period, with the change in the fair value recorded to other income (expense) in the Company's consolidated statement of operations and comprehensive loss. On January 31, 2023, the Company repaid the outstanding principal and accrued interest in full. The derivative was unexercised upon maturity and the fair value in the amount of $0.02 million was recognized as an extinguishment gain in the caption "Other income (expense)" in Company's consolidated statement of operations and comprehensive loss.

The following carrying amounts were outstanding under the Company's notes payable as of March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024			
	Principal ($)	Debt (Discount) Premium ($)[1]	Issuance Costs ($)	Carrying Amount ($)
2025 Notes	20,399	(2,422)	(40)	17,937
Loan and Security Agreement	35,000	(719)	(316)	33,965

	December 31, 2023			
	Principal ($)	Debt (Discount) Premium ($)[1]	Issuance Costs ($)	Carrying Amount ($)
2025 Notes	20,399	(3,090)	(52)	17,257
Loan and Security Agreement	25,000	(733)	(329)	23,938

(1) Includes accretion of end of term fees payable at maturity

Interest expense related to the notes payable for the three months ended March 31, 2024 and 2023 was as follows (dollars in thousands):

	Three Months Ended March 31, 2024				
	Interest Rate	Interest ($)	Debt Discount and Fees ($)[1]	Issuance Costs ($)	Total Interest Expense ($)
2025 Notes	5.25%	268	668	11	947
Loan and Security Agreement	9.90%	873	212	15	1,100
Total		1,141	880	26	2,047

	Three Months Ended March 31, 2023				
	Interest Rate	Interest ($)	Debt Discount and Fees ($)[1]	Issuance Costs ($)	Total Interest Expense ($)
2023 Notes	5.25%	69	120	-	189
2025 Notes	5.25%	672	1,535	26	2,233
PHC Notes	8.00%	700	1,442	88	2,230
Total		1,441	3,097	114	4,652

(1) Includes accretion of end of term fees payable at maturity

The following are the scheduled maturities of the Company's notes payable (including end of term fees) as of March 31, 2024 (in thousands):

2025	20,399
2026	12,996
2027	24,437
Total	$ 57,832

13. Stockholders' Equity

In November 2021, the Company entered into the 2021 Sales Agreement with Jefferies, under which the Company could offer and sell, from time to time, at its sole discretion, shares of its common stock having an aggregate offering price of up to $150.0 million through Jefferies as the sales agent in an "at the market" offering. Jefferies received commissions up to 3.0% of the gross proceeds of any common stock sold through Jefferies under the 2021 Sales Agreement. In 2023, the Company received $7.4 million in net proceeds from the sale of 9,944,663 shares of its common stock under the 2021 Sales Agreement. Effective August 7, 2023, the Company and Jefferies mutually agreed to terminate the 2021 Sales Agreement. At the time of termination, approximately $106.6 million remained available for issuance pursuant to the 2021 Sales Agreement.

In August 2023, the Company entered into an Equity Distribution Agreement (the "Equity Distribution Agreement") with Goldman Sachs & Co. LLC ("GS"), under which the Company could offer and sell, from time to time, at its sole discretion, shares of its common stock having an aggregate offering price of up to $106.6 million through GS as its sales agent in an "at the market" offering. GS will receive a commission up to 3.0% of the gross proceeds of any common stock sold through GS under the Equity Distribution Agreement. The shares will be offered and sold pursuant to an effective shelf registration statement on Form S-3, which was originally filed with the Securities and Exchange Commission on August 10, 2023. As of March 31, 2024, the Company received less than $0.1 million in net proceeds from the sale of 108,026 shares under the Equity Distribution Agreement.

14. Stock-Based Compensation

2015 Plan

In December 2015, the Company adopted the 2015 Equity Incentive Plan (the "2015 Plan"), under which incentive stock options, non-qualified stock options and restricted stock units may be granted to the Company's employees and certain other persons, such as officers and directors, in accordance with the 2015 Plan provisions. In February 2016, the Company's Board of Directors adopted, and the Company's stockholders approved, an Amended and Restated 2015 Equity Incentive Plan (the "Amended and Restated 2015 Plan"), which became effective on February 20, 2016. The Company's Board of Directors may terminate the Amended and Restated 2015 Plan at any time. Options granted under the Amended and Restated 2015 Plan expire ten years after the date of grant.

Pursuant to the Amended and Restated 2015 Plan, the number of shares of the Company's common stock reserved for issuance automatically increases on January 1 of each year, ending on January 1, 2026, by 3.5% of the total number of shares of its common stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares as may be determined by its Board of Directors. As of March 31, 2024, 46,186,700 shares remained available for grant under the Amended and Restated 2015 Plan.

Inducement Plan

On May 30, 2019, the Company adopted the Senseonics Holdings, Inc. Inducement Plan (the "Inducement Plan"), pursuant to which the Company reserved 1,800,000 shares of the Company's common stock for issuance. The only persons eligible to receive grants of awards under the Inducement Plan are individuals who satisfy the standards for inducement grants in accordance with NYSE American Company Guide Section 711(a), including individuals who were not previously an employee or director of the Company, or following a bona fide period of non-employment, as an inducement material to such persons entering into employment with the Company. An "Award" is any right to receive

the Company's common stock pursuant to the Inducement Plan, consisting of non-statutory options, restricted stock unit awards and other equity incentive awards. As of March 31, 2024, 282,159 shares remained available for grant under the Inducement Plan.

Commercial Equity Plan

On January 30, 2023, the Company adopted the Senseonics Holdings, Inc. 2023 Commercial Equity Plan (the "Commercial Equity Plan"), pursuant to which the Company reserved 10,000,000 shares of common stock for issuance. Eligible recipients under the plan are non-employees of Senseonics, including employees of our global commercial partner, Ascensia, who assist with the commercialization of our products. An "Award" is any right to receive the Company's common stock pursuant to the Commercial Equity Plan, consisting of non-statutory options and restricted stock unit awards. As of March 31, 2024, 7,675,000 shares remained available for grant under the Commercial Equity Plan.

2016 Employee Stock Purchase Plan

In February 2016, the Company adopted the 2016 Employee Stock Purchase Plan, (the "2016 ESPP"). The 2016 ESPP became effective on March 17, 2016. The maximum number of shares of common stock that may be issued under the 2016 ESPP was initially 800,000 shares and automatically increases on January 1 of each year, ending on and including January 1, 2026, by 1.0% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year; provided, however, the Board of Directors may act prior to the first day of any calendar year to provide that there will be no January 1 increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of common stock. As of March 31, 2024, there were 22,729,158 shares of common stock available for issuance under the 2016 ESPP. For the three months ended March 31, 2024, there were purchases of 199,066 shares of common stock pursuant to the 2016 ESPP.

The 2016 ESPP permits participants to purchase shares of the Company's common stock through payroll deductions of up to 15% of their earnings. Unless otherwise determined by the administrator, the purchase price of the shares will be 85% of the lower of the fair market value of common stock on the first day of an offering or on the date of purchase. Participants may end their participation at any time and deductions not yet used in a purchase are refundable upon employment termination. The Company initiated its first 2016 ESPP offering period on August 1, 2019 and new offering periods occur every six months thereafter, each consisting of two purchase periods of six months in duration ending on or about January 31st and July 31st of each year. A participant may only be in one offering at a time. The 2016 ESPP contains an offering reset provision whereby if the fair market value of a share on offering date of an ongoing offering is less than or equal to the fair market value of a share on a new offering date, the ongoing offering will terminate immediately after the purchase date and rolls over to the new offering.

The 2016 ESPP is considered compensatory for financial reporting purposes.

1997 Plan

On May 8, 1997, the Company adopted the 1997 Stock Option Plan (the "1997 Plan"), under which incentive stock options, non-qualified stock options, and restricted stock awards may be granted to the Company's employees and certain other persons in accordance with the 1997 Plan provisions. All awards issued under the 1997 Plan are fully vested. Approximately 1,025,844 shares of the Company's common stock underlying options remain outstanding under the 1997 Plan. Upon the effectiveness of the 2015 Plan, the Company no longer grants any awards under the 1997 Plan.

15. Fair Value Measurements

The following table represents the fair value hierarchy of the Company's financial assets and liabilities measured at fair value on a recurring basis at March 31, 2024 and December 31, 2023 (in thousands):

	March 31, 2024			
	Total	Level 1	Level 2	Level 3
Assets				
Money market funds[1]	$ 87,866	$ 87,866	—	—
Commercial paper	4,670	—	4,670	—
Government and agency securities	3,500	3,500	—	—
Liabilities				
Embedded features of the 2025 Notes	$ 102	$		102

	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets				
Money market funds[1]	$ 72,953	$ 72,953	—	—
Commercial paper	7,598	—	7,598	—
Corporate debt securities	7,982	—	7,982	—
Government and agency securities	18,167	18,167	—	—
Liabilities				
Embedded features of the 2025 Notes	$ 102	—	—	102

(1) Classified as cash and cash equivalents due to their short-term maturity

There were no changes in fair value of the Level 3 financial assets and liabilities since December 31, 2023.

The recurring Level 3 fair value measurements of the embedded features of the notes payable and preferred stock, include the following significant unobservable inputs at March 31, 2024:

Unobservable Inputs	2025 Notes Assumptions	
Stock price volatility	45.0	%
Probabilities of conversion provisions	5.0 - 95.0	%
Credit spread	8.80	%

16. Income Taxes

The Company has not recorded any tax provision or benefit for the three months ended March 31, 2024 or 2023. The Company has provided a valuation allowance for the full amount of its net deferred tax assets since realization of any future benefit from deductible temporary differences, NOL carryforwards and research and development credits is not more-likely-than-not to be realized at March 31, 2024 and December 31, 2023.

17. Related Party Transactions

PHC has a noncontrolling ownership interest in the Company. In addition, PHC has representation on the Company's board of directors. The Company entered into a financing agreement with PHC on August 9, 2020 and entered into an exchange agreement with PHC during 2023 (see Note 12 for further discussion). Ascensia, through the ownership interests of its parent company, PHC, is a related party. Revenue from Ascensia during the three months

ended March 31, 2024 and 2023 was $4.5 million and $3.8 million, respectively. We also purchase certain medical supplies from Ascensia for our clinical trials. We paid Ascensia $0.01 million and $0.3 million during the three months ended March 31, 2024 and 2023, respectively under this arrangement.

The amount due from Ascensia as of March 31, 2024 and December 31, 2023 was $2.8 million and $3.7 million, respectively. The amount due to Ascensia as of March 31, 2024 and December 31, 2023 was $1.1 million and $0.5 million, respectively.

18. Subsequent Events

The Company has evaluated all subsequent events through the filing date of this Form 10-Q with the SEC, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of March 31, 2024, and events which occurred subsequently but were not recognized in the financial statements. There were no subsequent events that required recognition or disclosure.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained in this Quarterly Report on Form 10-Q may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar expressions, or the negative of such words or phrases, are intended to identify "forward-looking statements." We have based these forward-looking statements on our current expectations and projections about future events. Because such statements include risks, uncertainties, and assumptions, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to these differences include those described below and elsewhere in this Quarterly Report on Form 10-Q, and in our Annual Report on Form 10-K, particularly in Part I – Item 1A, "Risk Factors," and our other filings with the Securities and Exchange Commission. Statements made herein are as of the date of the filing of this Quarterly Report on Form 10-Q with the Securities and Exchange Commission and should not be relied upon as of any subsequent date. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim, any obligation to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such statement.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited financial statements and related notes that appear in Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and related notes for the year ended December 31, 2023, which are included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2024. Unless otherwise indicated or the context otherwise requires, all references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section to the "Company," "we," "our," "ours," "us" or similar terms refer to Senseonics Holdings, Inc. and its subsidiary.

Overview

We are a medical technology company focused on the development and manufacturing of glucose monitoring products designed to transform lives in the global diabetes community with differentiated, long-term implantable glucose management technology. Our implantable CGM ("Eversense"), including 90-day Eversense, Eversense XL and Eversense E3 CGM system versions are designed to continually and accurately measure glucose levels in people with diabetes via an under-the-skin sensor, a removable and rechargeable smart transmitter, and a convenient app for real-time diabetes monitoring and management for a period of up to six months in the case of Eversense XL and Eversense E3, as compared to seven to 14 days for non-implantable CGM systems. We affixed the CE mark to the original 90-day Eversense CGM system in June 2016, which marked the first certification for the product to be sold within the European Economic Area (being the European Union plus Norway, Iceland, and Liechtenstein) ("EEA"). Subsequently, we affixed the CE mark to the extended life Eversense XL CGM system in September 2017 to be sold in select markets in Europe and the Middle East. In June 2022, we affixed the CE mark to the extended life Eversense E3 CGM system and Ascensia began commercialization in select markets in Europe during the third quarter of 2022. In June 2018, the FDA, approved the 90-day Eversense CGM system for distribution throughout the United States. In June 2019, we received FDA approval for the non-adjunctive indication (dosing claim) for the 90-day Eversense system. With this approval and the availability of a new app in December 2019, the Eversense system can now be used as a therapeutic CGM in the United States to replace fingerstick blood glucose measurement to make treatment decisions, including insulin dosing. In February 2022, the 180-day extended life Eversense E3 CGM system was approved by the FDA and Ascensia began commercializing Eversense E3 in the United States in the second quarter of 2022.

Our net revenues are derived from sales of the Eversense system which is sold in two separate kits: the disposable Eversense Sensor Pack which includes the sensor, insertion tool, and adhesive patches, and the durable Eversense Smart Transmitter Pack which includes the transmitter and charger.

We sell directly to our network of distributors and strategic fulfillment partners, who provide the Eversense system to healthcare providers and patients through a prescribed request and invoice insurance payors for reimbursement. Sales of the Eversense system are widely dependent on the ability of patients to obtain coverage and

adequate reimbursement from third-party payors or government agencies. We leverage and target regions where we have coverage decisions for patient device use and provider insertion and removal procedure payment. We have reached approximately 300 million covered lives in the United States through positive insurance payor coverage decisions. In June 2023, we received positive payor coverage decision from UnitedHealthcare, the largest healthcare insurance company in the United States that effective July 1, 2023, Eversense E3 CGM system would be covered. On August 3, 2020, the Center for Medicare and Medicaid Services ("CMS") released its Calendar Year 2021 Medicare Physician Fee Schedule Proposed Rule that announces proposed policy changes for Medicare payments, including the proposed establishment of national payment amounts for the three CPT© Category III codes describing the insertion (CPT 0446T), removal (0447T), and removal and insertion (0048T) of an implantable interstitial glucose sensor, which describes our Eversense CGM systems, as a medical benefit, rather than as part of the Durable Medical Equipment channel that includes other CGMs. In December 2021, CMS released its Calendar Year 2022 Medicare Physician Fee Schedule that updated global payments for the device cost and procedure fees. In November 2022, CMS released its Calendar Year 2023 Medicare Physician Fee Schedule Proposed Rule that updates the payment amounts for the three CPT© Category III codes to account for the longer 6-month sensor. The Calendar Year 2024 Medicare Physician Fee Schedule continues to include the three CPT© Category III codes. In February 2024, we announced that Medicare coverage was expanded for Eversense E3 to include all people with diabetes using insulin and non-insulin users who have a history of problematic hypoglycemia providing access to millions of Medicare patients. The first Medicare administrative contractor ("MAC)" expansion became effective on February 25, 2024 with the remaining MAC's expected to become effective in the near future.

In February 2020, we announced that the FDA approved a subgroup of PROMISE trial participants to continue for a total of 365 days to gather feasibility data on the safety and accuracy of a 365-day sensor. This sub-set of 30 participants was left undisturbed for 365 days with the goal of measuring accuracy and longevity over the full 365 days. Information gathered from this sub-set and additional development efforts provided us the confidence to start the Pivotal study for the Eversense 365-day System. The ENHANCE pivotal study for the Eversense 365-day system completed enrollment, the last patient of the adult cohort completed the study, and we completed our analysis of the data. Based on this analysis, we determined to advance to the next generation sensor platform as the underlying technology used in the 365-day and future products. In May, 2024 this data supported a FDA 510(k) submission for a new product with a 365-day duration and once per week calibration.

We are in the early commercialization stages of the Eversense brand and are focused on driving awareness of our CGM system amongst intensively managed patients and their healthcare providers. In both the United States and our overseas markets, we have entered into strategic partnerships and distribution agreements that allow third party collaborators with direct sales forces and established distribution systems to market and promote Senseonics CGM systems, including 90-day Eversense, Eversense XL, Eversense E3 and future generation products.

United States Development and Commercialization of Eversense

In 2016, we completed our PRECISE II pivotal clinical trial in the United States. This trial, which was fully enrolled with 90 subjects, was conducted at eight sites in the United States. In the trial, we measured the accuracy of Eversense measurements through 90 days after insertion. We also assessed safety through 90 days after insertion or through sensor removal. In the trial, we observed a mean absolute relative difference ("MARD"), of 8.5% utilizing two calibration points for Eversense across the 40-400 mg/dL range when compared to YSI blood reference values during the 90-day continuous wear period. Based on the data from this trial, in October 2016 we submitted a pre-market approval ("PMA") application to the FDA to market Eversense in the United States for 90-day use. On June 21, 2018, we received PMA approval from the FDA for the Eversense system. In July 2018, we began distributing the 90-day Eversense system directly in the United States through our own direct sales and marketing organization. We have received Category III CPT codes for the insertion and removal of the Eversense sensor.

In December 2018, we initiated the PROMISE pivotal clinical trial to evaluate the safety and accuracy of Eversense for a period of up to six months in the United States and in September 30, 2019, we completed enrollment of the PROMISE trial. In the trial, we observed performance matching that of the then current Eversense 90-day product available in the United States, with a MARD of 8.5%. This result was achieved with reduced calibration, down to one per day, while also doubling the sensor life to six months. Following the results of the PROMISE trial, on September 30,

2020, a PMA supplement application to extend the wearable life of the Eversense CGM System to six months was submitted to the FDA. In February 2022, the extended life Eversense E3 CGM system was approved by the FDA.

In June 2019, we received FDA approval for the non-adjunctive indication (dosing claim) for the Eversense system and launched with an updated app in December 2019. With this approval, the Eversense system can be used as a therapeutic CGM to replace fingerstick blood glucose measurement for treatment decisions, including insulin dosing.

On February 26, 2020, we announced that the FDA approved a subgroup of PROMISE trial participants to continue for a total of 365 days to gather feasibility data on the safety and accuracy of a 365-day sensor. This sub-set of 30 participants were left undisturbed for 365 days with the goal of measuring accuracy and longevity over the full 365 days. Information gathered from this sub-set and additional development efforts provided us the confidence to start the Pivotal study for the Eversense 365 System.

In April 2020, we announced that we received an extension to our CE Certificate of Conformity in the EEA such that the Eversense XL is no longer contraindicated for MRI, which means the sensor does not need to be removed from under the skin during MRI scanning. We had previously obtained this indication for Eversense in the United States in 2019. This MRI approval is a first for the CGM category, as all other sensors are required to be removed during an MRI scan.

On August 9, 2020, we entered into a collaboration and commercialization agreement with Ascensia (the “Commercialization Agreement”) pursuant to which we granted Ascensia the exclusive right to distribute our 90-day Eversense CGM system and our 180-day Eversense E3 CGM system worldwide, with the following initial exceptions: (i) until January 31, 2021, the territory did not include countries covered by our then existing distribution agreement with Roche Diagnostics International AG and Roche Diabetes Care GmbH (together “Roche”), which included Europe, Middle East and Asia, excluding Scandinavia and Israel, and 17 additional countries, including Brazil, Russia, India and China, as well as select markets in the Asia Pacific and Latin American regions; (ii) until September 13, 2021, the territory did not include countries covered by our then current distribution agreement with Rubin Medical, which included Sweden, Norway and Denmark; and (iii) until May 31, 2022, the territory did not include Israel. Pursuant to the Commercialization Agreement, in the United States, Ascensia began providing sales support for the 90-day Eversense product on October 1, 2020 and Ascensia ramped up sales activities and assumed commercial responsibilities for the 90-day Eversense product during the second quarter of 2021.

In February 2022, we received approval from the FDA for the Eversense E3 CGM System. The approval for our third-generation sensor, with proprietary sacrificial boronic acid (“SBA”) technology doubles the sensor life to six months with MARD of 8.5%. Ascensia began commercializing Eversense E3 in the United States during the second quarter of 2022.

The ENHANCE clinical study was initiated as a pivotal study with the purpose of gathering additional clinical data to support an integrated continuous glucose monitoring (iCGM) submission for the Eversense E3 system using the SBA technology. In March 2022, we extended the ongoing ENHANCE clinical study to evaluate the safety and accuracy of the Eversense 365 System for a period of up to one year in the United States. In September 2022, we completed enrollment of the ENHANCE study and the last patient of the adult cohort completed the study in the third quarter of 2023. In November 2022, we submitted and in the first quarter of 2023 we received approval of an IDE for the enrollment of a pediatric cohort in the ENHANCE study. In 2023 the data gathered in the ENHANCE study supported the iCGM submission and in April 2024 Eversense was authorized to be marketed as an iCGM through the FDA’s De Novo pathway, by establishing the special controls that will serve as a predicate device for 510(k) submissions in the future. The ENHANCE pivotal study for the Eversense 365-day system was completed in 2023. Based on the analysis of the data the decision was made to advance to the next generation sensor platform as the underlying technology used in the 365-day and future products. In May 2024, this data supported a FDA 510(k) submission for a new product with a 365-day duration and once per week calibration.

European Commercialization of Eversense

In September 2017, we affixed the CE mark for Eversense XL which indicates that the product may be sold freely in any part of the European Economic Area ("EEA"). The Eversense XL is indicated for a sensor life of up to 180 days. Eversense XL began commercialization in Europe in the fourth quarter of 2017. All such commercialization and marketing activities remain subject to applicable government approvals.

We previously held a distribution agreement with Roche and granted Roche the exclusive right to market, sell and distribute Eversense in certain territories within EMEA and other countries outside of the United States. The distribution rights under the agreement expired January 31, 2021.

In June 2022, we affixed the CE mark to the extended life Eversense E3 CGM system, and Ascensia began commercialization in European markets during the second half of 2022.

Financial Overview

Revenue

We generate product revenue from sales of the Eversense system and related components and supplies to Ascensia, through the Commercialization Agreement, third-party distributors in the European Union and to strategic fulfillment partners in the United States (collectively "Customers"), who then resell the products to health care providers and patients. We are generally paid for our sales directly to the Customers, regardless of whether or not the Customers resell the products to health care providers and patients.

Revenue from product sales is recognized at a point in time when the Customers obtain control of our product based upon the delivery terms as defined in the contract at an amount that reflects the consideration which we expect to receive in exchange for the product. Contracts with our distributors contain performance obligations, mostly for the supply of goods, and is typically satisfied upon transfer of control of the product. Additionally, a portion of revenue is recognized through our consignment program whereas small quantities of inventory are maintained securely at various health care provider locations within the United States. Under this model, the Company does not recognize revenue upon shipment of product. Rather, revenue is recognized when the product is consumed by a patient.

Customer contracts do not include the right to return unless there is a product issue, in which case we may provide replacement product. Product conformity guarantees do not create additional performance obligations and are accounted for as warranty obligations in accordance with guarantee and loss contingency accounting guidance.

In addition, we sell small quantities of our products directly to healthcare provider locations within the United States. In these direct sales, inventory is purchased on consignment to ensure availability when a patient is identified. No revenue is recognized upon delivery of our products to the healthcare provider locations, as we retain the ability to control the inventory. Rather, revenue is recognized when the product is consumed by a patient. Consignment sales represented approximately 10% of our net sales for the quarter ending March 31, 2024.

Our contracts may contain some form of variable consideration such as prompt-pay discounts, tier-volume price discounts and for the Ascensia commercial agreement, revenue share. Variable consideration, such as discounts and prompt-pay incentives, are treated as a reduction in revenue and variable considerations, such as revenue share, is treated as an addition in revenue when the product sale is recognized. The amount of variable consideration that is included in the transaction price may be constrained and is included in revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period, when the uncertainty associated with the variable consideration is subsequently resolved. Estimating variable consideration and the related constraint requires the use of management judgment. Depending on the variable consideration, we develop estimates for the expected value based on the terms of the agreements, historical data, geographic mix, reimbursement rates, and market conditions.

Contract assets consist of unbilled receivables from customers and are recorded at net realizable value and relate to the revenue share variable consideration from the Ascensia Commercialization Agreement.

Concentration of Revenue and Customers

For the three months ended March 31, 2024 and 2023, the Company derived 88% and 92%, respectively, of its total revenue from one customer, Ascensia. Revenues for these corresponding periods represent sales of sensors, transmitters and miscellaneous Eversense system components.

Revenue by Geographic Region

The following table sets forth net revenue derived from our two primary geographical markets, the United States and outside of the United States, based on the geographic location to which we deliver the product, for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31, 2024	
(Dollars in thousands)	**Amount**	**% of Total**
Revenue, net:		
United States	$ 3,677	72.8 %
Outside of the United States	1,370	27.2
Total	$ 5,047	100.0 %

	Three Months Ended March 31, 2023	
(Dollars in thousands)	**Amount**	**% of Total**
Revenue, net:		
United States	$ 2,162	52.3 %
Outside of the United States	1,975	47.7
Total	$ 4,137	100.0 %

Results of Operations for the Three Months Ended March 31, 2024 and 2023

	Three Months Ended March 31,		Period-to-Period Change
	2024	2023	
	(in thousands)		(in thousands)
Revenue, net	$ 589	$ 313	$ 276
Revenue, net - related parties	4,458	3,824	634
Total revenue	5,047	4,137	910
Cost of sales	4,712	3,723	989
Gross profit	335	414	(79)
Expenses:			
Research and development expenses	10,438	12,405	(1,967)
Selling, general and administrative expenses	8,129	7,718	411
Operating loss	(18,232)	(19,709)	1,477
Other (expense) income, net:			
Interest income	1,384	1,108	276
Exchange related gain, net	—	18,776	(18,776)
Interest expense	(2,047)	(4,652)	2,605
Gain on change in fair value of derivatives	—	5,778	(5,778)
Other income	18	23	(5)
Total other (expense) income, net	(645)	21,033	(21,678)
Net (Loss) Income	$ (18,877)	$ 1,324	$ (20,201)

Total revenue

Our total revenue increased to $5.0 million for the three months ended March 31, 2024, compared to $4.1 million for the three months ended March 31, 2023, an increase of $0.9 million. This increase was primarily the result of increased commercial activities driving new patients partially offset by slightly lower sales outside of the United States during 2024. Further, increase sales in the United States is partially due to a $0.3 million increase in consignment program sales.

Cost of sales and gross profit

Our cost of sales increased to $4.7 million for the three months ended March 31, 2024, compared to $3.7 million for the three months ended March 31, 2023 and our gross profit decreased to $0.3 million for the three months ended March 31, 2024, compared to $0.4 million for the three months ended March 31, 2023. Gross profit as a percentage of revenue, or gross margin, was 6.6% and 10.0% for the three months ended March 31, 2024 and March 31, 2023, respectively. The decrease in gross margin was primarily due to higher fixed manufacturing costs. In addition, the gross margin decrease is also driven by an increase to the revenue share percentage due to Ascensia.

Research and development expenses

Research and development expenses were $10.4 million for the three months ended March 31, 2024, compared to $12.4 million for the three months ended March 31, 2023, a decrease of $2.0 million. The decrease was mainly driven by a $2.8 million reduction clinical studies spend due to the completion of 365-day product trials and $0.5 million for consultants and other support services, and $0.2 million other research costs. These decreases were partially offset by increases in personnel costs of $0.7 million and contract fabrication costs of $0.8 million.

Selling, general and administrative expenses

Sales, general and marketing expenses were $8.1 million for the three months ended March 31, 2024, compared to $7.7 million for the three months ended March 31, 2023, an increase of $0.4 million. The increase was primarily the

result of a $0.6 million increase in legal and patent costs, $0.2 million increase in personnel costs, $0.1 million increase in marketing spend partially offset by a $0.2 million decrease in facilities costs and a $0.3 million decrease in other administrative expenses.

Total other income (expense), net

Total other expense, net was ($0.6) million for the three months ended March 31, 2024, compared to other income, net of $21.0 million for the three months ended March 31, 2023, a decrease in other income of $21.7 million. The change was primarily due to a $50.0 million reduction in gains on the fair value of derivatives as the result of debt settlements and the decrease in our stock prices since the first quarter of 2023, partially offset by a $25.4 million reduction in the loss on exchange of debt, a $3.4 million decrease in interest income (expense), net due to the settlement of notes, and $0.5 million in other income (expense) items.

Liquidity and Capital Resources

Sources of Liquidity

From its founding in 1996 until 2010, the Company has devoted substantially all of its resources to researching various sensor technologies and platforms. Beginning in 2010, the Company narrowed its focus to developing and refining a commercially viable glucose monitoring system. The Company has incurred substantial losses and cumulative negative cash flows from operations since its inception in October 1996 and expects to incur additional losses in the near future. We incurred total net (loss) income of ($60.4) million and $142.1 million for the years ended December 31, 2023 and 2022, respectively. For the three months ending March 31, 2024, the Company had gross profit of $0.3 million and an accumulated deficit of $888.1 million. To date, the Company has funded its operations principally through the issuance of preferred stock, common stock, warrants, convertible notes, and debt. As of March 31, 2024, the Company had unrestricted cash, cash equivalents, and marketable securities of $98.7 million.

On September 8, 2023 (the “Effective Date”), the Company entered into a Loan and Security Agreement (the “Loan and Security Agreement”) with the several financial institutions or entities party thereto (collectively, the “Lenders") and Hercules Capital, Inc., a Maryland corporation (“Hercules”), pursuant to which the Lenders have agreed to make available to the Company up to $50.0 million in senior secured term loans (the “Term Loan Facility”), consisting of (i) an initial term loan of $25.0 million (the “Tranche 1 Loan”), which was funded on the Effective Date and (ii) two additional tranches of term loans in the amounts of up to $10.0 million (the “Tranche 2 Loan”) and $15.0 million (the “Tranche 3 Loan”), respectively, which will become available to the Company upon the Company’s satisfaction of certain terms and conditions set forth in the Loan and Security Agreement. In December 2023, we met the terms and conditions to draw on the Tranche 2 Loan and the loan was funded on January 2, 2024 in an amount of $10.0 million. The loans under the Loan and Security Agreement mature on September 1, 2027 (the “Maturity Date”).

On August 10, 2023, the Company entered into separate, privately negotiated exchange agreements (the “Exchange Agreements”) with a limited number of holders (the “Noteholders”) of the Company’s currently outstanding 5.25% Convertible Senior Notes due 2025 (the “2025 Notes”). Under the terms of the Exchange Agreements, the Noteholders agreed to exchange with the Company (the “Exchanges”) up to $30.8 million in aggregate principal amount of the Company’s outstanding 2025 Notes (the “Exchanged Notes”) for a combination of $7.5 million of cash and newly issued shares of common stock (the “Exchange Shares”). The number of Exchange Shares was determined based upon the volume-weighted average price per share of the common stock during a 15-day averaging period commencing on August 11, 2023 and ending August 31, 2023. Based on the volume-weighted average price per share of the common stock during the averaging period, a total of 35.1 million shares of common stock were issued in the Exchanges. The Exchanges were settled on the initial share issuance date of August 14, 2023 and the final settlement date of September 5, 2023.

In August 2023, the Company entered into an Equity Distribution Agreement, (the “Equity Distribution Agreement”) with Goldman Sachs & Co. LLC (“GS”), under which the Company could offer and sell, from time to time, at its sole discretion, shares of its common stock having an aggregate offering price of up to $106.6 million through GS as its sales agent in an “at the market” offering, which represented the remaining capacity under our then-existing at

the market program with Jefferies LLC, as described below. GS will receive a commission up to 3.0% of the gross proceeds of any common stock sold through GS under the Equity Distribution Agreement. The shares will be offered and sold pursuant to an effective shelf registration statement on Form S-3 (the "Registration Statement"), which was originally filed with the Securities and Exchange Commission (the "Commission") on August 10, 2023. As of March 31, 2024, the Company received approximately $0.1 million in net proceeds from the sale of 108,026 shares under the Equity Distribution Agreement.

In November 2021, we entered into the 2021 Sales Agreement with Jefferies, under which we could offer and sell, from time to time, at our sole discretion, shares of our common stock having an aggregate offering price of up to $150.0 million through Jefferies as our sales agent in an "at the market" offering. Jefferies received commissions up to 3.0% of the gross proceeds of any common stock sold through Jefferies under the 2021 Sales Agreement. During 2023, the Company received $7.4 million in net proceeds from the sale of 9,944,663 shares of its common stock under the 2021 Sales Agreement. Effective August 7, 2023, the Company and Jefferies mutually agreed to terminate the 2021 Sales Agreement. At the time of termination, approximately $106.6 million remained available for issuance pursuant to the 2021 Sales Agreement.

On August 9, 2020, the Company entered into a financing agreement with PHC, pursuant to which the Company issued $35.0 million in aggregate principal amount of Senior Secured Convertible Notes due on October 31, 2024 (the "PHC Notes"), to PHC. The Company also issued 2,941,176 shares of common stock to PHC as a financing fee. The Company also has the option to sell and issue PHC up to $15.0 million of convertible preferred stock on or before December 31, 2022, contingent upon obtaining FDA approval for the 180-day Eversense product for marketing in the United States before such date. The Company successfully obtained FDA approval in February 2022 and the option was not exercised.

On March 13, 2023, the Company entered into an Exchange Agreement with PHC, pursuant to which PHC agreed to exchange its $35.0 million aggregate principal amount of the PHC Notes, including all accrued and unpaid interest thereon, for the PHC Exchange Warrant to purchase up to 68,525,311 PHC Exchange Warrant Shares. The PHC Exchange Warrant is a "pre-funded" warrant with a nominal exercise price of $0.001 per PHC Exchange Warrant Share. The number of PHC Exchange Warrant Shares represents the number of shares of common stock previously issuable upon conversion of the PHC Notes, in accordance with the original terms of the notes, including a number of shares in respect of accrued and unpaid interest through the closing date, plus additional shares with a value of $675,000 reflecting a portion of the future interest payments forgone by PHC. On March 31, 2023 (6:00 am Japan Standard Time on April 1, 2023), the PHC Exchange was consummated, and the Company issued the PHC Exchange Warrant in consideration for the cancellation of the PHC Notes.

On March 13, 2023, the Company entered into a Securities Purchase Agreement with PHC, pursuant to which the Company issued and sold to PHC in a private placement a Purchase Warrant to purchase an aggregate of 15,425,750 Purchase Warrant Shares. The purchase price of the Purchase Warrant was approximately $0.97 per Purchase Warrant Share, representing the undiscounted, trailing 10-day volume weighted average price of the Company's common stock through March 10, 2023. The Purchase Warrant is a "pre-funded" warrant with a nominal exercise price of $0.001 per Purchase Warrant Share. The issuance of the Purchase Warrants enabled PHC to maintain, as of the closing of the transaction, a 15% beneficial ownership for purposes of the Investor Rights Agreement, dated August 9, 2020, between the Company and PHC. The Private Placement closed on March 13, 2023 and the Company received aggregate gross proceeds of $15.0 million, before deducting private placement expenses payable by the Company.

We do not expect our existing cash and cash equivalents will be sufficient to fund our operations and maintain cash and performance requirements to comply with debt covenants under its Loan and Security Agreement through the second quarter of 2025. We anticipate that our principal uses of cash in the future will be primarily to fund our operations, working capital needs, capital expenditures and other strategic initiatives. Our ability to continue to fund our operations and meet capital needs will depend on our ability to successfully obtain funding from public or private debt and equity financings and other sources of capital, as further described below under "Funding Requirements and Outlook".

Indebtedness

Loan and Security Agreement

On September 8, 2023, Company entered into the Loan and Security Agreement with the Lenders and Hercules, pursuant to which the Lenders have agreed to make available to the Company the Term Loan Facility, consisting of (i) an initial Tranche 1 Loan, which was funded on the Effective Date in an amount of $25.0 million and (ii) the Tranche 2 Loan, which was funded on January 2, 2024 in an amount of $10.0 million and Tranche 3 Loan, which will become available to the Company upon the Company's satisfaction of certain terms and conditions set forth in the Loan and Security Agreement. The loans under the Loan and Security Agreement mature on the Maturity Date.

Convertible Notes

The following table summarizes our outstanding convertible notes at March 31, 2024:

Convertible Note	Issuance Date	Coupon	Aggregate Principal (in millions)	Maturity Date	Initial Conversion Rate per $1,000 Principal Amount	Conversion Price per Share of Common Stock
2025 Notes	July 1, 2019	5.25%	$ 20.4	January 15, 2025	757.5758	$ 1.32

As described above, on August 10, 2023, we executed a series of exchange agreements with certain holders of the 2025 Notes to exchange an aggregate principal amount of up to $30.8 million of 2025 Notes for a combination of cash and newly issued shares of common stock. For additional information on the 2025 Notes, see Note 12—Notes Payable, Preferred Stock and Stock Purchase Warrants in the accompanying unaudited consolidated financial statements.

Funding Requirements and Outlook

Our ability to grow revenues and achieve profitability depends on the successful commercialization and adoption of our Eversense CGM systems by diabetes patients and healthcare providers, along with future product development, regulatory approvals, and post-approval requirements. These activities and continued development of the Eversense 365-day product and other future products, will require significant uses of working capital through 2024 and beyond. As of March 31, 2024, the Company had unrestricted cash, cash equivalents and marketable securities of $98.7 million.

In accordance with the FASB Accounting Standards Codification Topic 205-40, Presentation of Financial Statements - Going Concern, management is required to assess the Company's ability to continue as a going concern through twelve months after issuance of the financial statements. Based on the Company's current operating plan, existing unrestricted cash, cash equivalents and marketable securities, anticipated debt repayments, minimum cash requirements and satisfaction of performance milestones to comply with debt covenants under its Loan and Security Agreement, the Company has determined that substantial doubt exists regarding its ability to continue as a going concern for the one-year period following the date these condensed consolidated financial statements are issued. To sustain its future operations beyond such one-year period, the Company will require additional funding. As part of our liquidity strategy, the Company will continue to monitor our capital structure and market conditions, and the Company may finance our cash needs through public or private debt and equity financings and other sources which may include collaborations, strategic alliances, and licensing arrangements with third parties. There is no assurance that the Company will be successful in obtaining sufficient funding on acceptable terms, if at all, and could be forced to delay, reduce, or eliminate some or all of its research, clinical trials, product development or future commercialization efforts, which could materially adversely affect its business prospects or its ability to continue as a going concern.

Cash Flows

The following is a summary of cash flows for each of the periods set forth below (in thousands).

	Three Months Ended March 31,	
	2024	2023
Net cash used in operating activities	$ (20,262)	$ (19,848)
Net cash provided by investing activities	25,379	29,947
Net cash provided by (used in) financing activities	10,034	(807)
Net increase in cash and cash equivalents	$ 15,151	$ 9,292

Net cash used in operating activities

Net cash used in operating activities was $20.3 million for the three months ended March 31, 2024 and consisted of a net loss of $18.9 million, a net change in operating assets and liabilities of $4.4 million (most notably increases in accounts payable of $3.9 million and accrued expenses and other liabilities of $1.4 million offset by $0.8 million in inventory and $0.7 million in accounts receivable) and partially offset by $1.8 million of stock-based compensation and $1.2 million related to depreciation/amortization and other non-cash items.

Net cash used in operating activities was $19.8 million for the three months ended March 31, 2023 and consisted of an $18.8 million net gain on the exchange of the PHC Notes, a $5.8 million gain on change in fair value of the 2025 Notes embedded derivatives, a net change in operating assets and liabilities of $1.3 million, partially offset by net income of $1.3 million, $3.0 million related to depreciation/amortization and other non-cash items, and $1.8 million of stock-based compensation.

Net cash provided by investing activities

Net cash provided by investing activities was $25.4 million for the three months ended March 31, 2024 and consisted of $25.7 million in proceeds from the sale and maturity of marketable securities, offset by $0.3 million of capital expenditures.

Net cash provided by investing activities was $30.0 million for the three months ended March 31, 2023 and primarily consisted of proceeds from the sale and maturity of marketable securities.

Net cash provided by financing activities

Net cash provided by financing activities was $10.0 million for the three months ended March 31, 2024, and primarily consisted of $9.9 million in proceeds from issuance of the term loan and $0.1 million from the proceeds of the issuance of common stock and ESPP purchases.

Net cash used in financing activities was $0.8 million for the three months ended March 31, 2023, and primarily consisted of $15.7 million for the repayment of the 2023 Notes and $0.1 million for issuance of stock options, partially offset by $15.0 million in proceeds from the issuance of the PHC Purchase Warrant.

Contractual Obligations

As of March 31, 2024, there were no material changes in our contractual obligations and commitments from those disclosed in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K filed with the SEC on March 1, 2024.

ITEM 3: Quantitative and Qualitative Disclosures About Market Risk

Under SEC rules and regulations, because we are considered to be a “smaller reporting company”, we are not required to provide the information required by this item in this Quarterly Report on Form 10-Q.

ITEM 4: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the assistance of our chief executive officer, who is our principal executive officer, and our chief financial officer, who is our principal financial officer, has reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of March 31, 2024. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by us in the periodic reports filed with the SEC is accumulated and communicated to our management, including our principal executive, financial and accounting officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving such control objectives. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1: Legal Proceedings

From time to time, we are subject to litigation and claims arising in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Legal proceedings, including litigation, government investigations and enforcement actions could result in material costs, occupy significant management resources and entail civil and criminal penalties.

In February 2021, the Company received notice and accepted service of a civil complaint that had been filed in the Western District of Texas and styled Carew ex rel. United States v. Senseonics, Inc., No. SA20CA0657DAE. The complaint was filed by a relator under seal in May 2020 pursuant to the qui tam provisions in the federal False Claims Act. Prior to the unsealing of the complaint, the government declined to intervene in the case. The case, therefore, is being pursued only by the relator and his counsel. The complaint alleges the Company's marketing practices with physicians for its product, Eversense CGM system, violated the False Claims Act, 31 U.S.C. § 3729 and the Texas Medicaid Fraud Prevention Law, Tex. Hum Res. Code § 36.002. The court granted the Company's motion to dismiss the complaint on March 31, 2022 but per mitted the plaintiff to file an amended complaint. The court dismissed the amended complaint and entered judgment in favor of Senseonics Holdings, Inc. on March 30, 2023. The relator filed a notice of appeal to the United States Court of Appeals for the Fifth Circuit on April 28, 2023. The appeal was fully briefed and the case was argued before the Fifth Circuit on February 6, 2024. On February 28, 2024 the Fifth Circuit issued a Per Curiam order affirming the District Court's decision that Carew failed to state a claim. This order affirms the District Court's dismissal of the plaintiff's lawsuit.

In May, 2024, the Company received notice and accepted service of a civil complaint that had been filed in the Eastern District of Texas and styled Cellspin Soft, Inc. vs. Senseonics Holdings, Inc., and Ascensia Diabetes Care Holdings AG Case No. 2:24-cv 263. The case was filed by a non-practicing entity alleging patent infringement of three patents. The validity of all three of these patents currently is being challenged in Inter Partes Review proceedings at the U.S. Patent and Trademark Office. The Company is reviewing the allegations further and intends to vigorously defend the lawsuit.

Except as described above, we are not currently a party to any material legal proceedings, and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results or financial condition.

ITEM 1A: Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. Except as set forth below, there have been no material changes from our risk factors described in "Part I, Item 1A. Risk Factors" of our Annual Report on Form 10-K.

The medical device industry is characterized by patent litigation, and we could become subject to litigation that could be costly, result in the diversion of management's time and efforts, stop our development and commercialization measures, harm our reputation or require us to pay damages.

Our success will depend in part on not infringing the patents or violating the other proprietary rights of third parties. Significant litigation regarding patent rights exists in our industry. Our competitors in both the United States and abroad, many of which have substantially greater resources and have made substantial investments in competing technologies, may have applied for or obtained or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to make and sell our products. The large number of patents, the rapid rate of new patent issuances, and the complexities of the technology involved increase the risk of patent litigation.

The medical device industry in general, and the glucose testing sector of this industry in particular, are characterized by the existence of a large number of patents and frequent litigation based on assertions of patent infringement. We are aware of numerous patents issued to third parties that may relate to the technology used in our

business, including the design and manufacture of CGM sensors and CGM systems, as well as methods for continuous glucose monitoring. Each of these patents contains multiple claims, any one of which may be independently asserted against us. The owners of these patents may assert that the manufacture, use, sale or offer for sale of our CGM sensors or CGM systems infringes one or more claims of their patents. For example, as noted above, in May 2024, we were served with a complaint by Cellspin Soft, Inc., a non-practicing entity, filed against us in the United States District Court for the Eastern District of Texas, alleging that we infringe certain patents owned by it and seeking unspecified damages. We note that the validity of all three patents-in-suit is currently being challenged in Inter Partes Review proceedings at the U.S. Patent and Trademark office. We are further reviewing the allegations, and intend to vigorously defend the lawsuit, however, the outcome of any litigation, such as this, is inherently unpredictable.

Furthermore, there may be additional patents issued to third parties of which we are presently unaware that may relate to aspects of our technology that such third parties could assert against us and materially and adversely affect our business. In addition, because patent applications can take many years to issue, there may be patent applications that are currently pending and unknown to us, which may later result in issued patents that third parties could assert against us and harm our business.

In preparation for commercializing our Eversense products, we are performing an analysis, the purpose of which is to review and assess publicly available information to determine whether third parties hold any valid patent rights that a well-informed court would more likely than not find that we would infringe by commercializing our products, understanding that there are risks and uncertainties associated with any litigation and no predictions or assurances can be made regarding the outcome of any such litigation. Although our review and analysis are not complete and subject to the express limitations in the preceding sentence, we are not aware of any such valid patent rights. Moreover, we have not previously performed an exhaustive review of this type, and we cannot be certain that it will not result in our locating patent rights relating to our products of which we were not previously aware.

In the future, we could receive communications from other parties alleging our infringement of their intellectual property rights. Any intellectual property litigation, including the pending litigation described above, could force us to do one or more of the following:

- stop selling our products or using technology that contains the allegedly infringing intellectual property;
- incur significant legal expenses;
- pay substantial damages to the party whose intellectual property rights we are allegedly infringing;
- redesign those products that contain the allegedly infringing intellectual property; or
- attempt to obtain a license to the relevant intellectual property from third parties, which may not be available on reasonable terms or at all, and if available, may be non-exclusive, thereby giving our competitors access to the same technology.

Patent litigation can involve complex factual and legal questions, and its outcome is uncertain. Any litigation or claim against us, even those without merit, may cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our core business, stop our development and commercialization measures and harm our reputation. Further, as the number of participants in the diabetes market increases, the possibility of intellectual property infringement claims against us increases.

There is uncertainty regarding our ability to maintain liquidity sufficient to operate our business effectively, which raises substantial doubt about our ability to continue as a going concern.

Our unaudited condensed consolidated financial statements as of March 31, 2024 have been prepared assuming the Company will continue as a going concern for the next twelve months. Our management concluded that our recurring losses from operations, existing unrestricted cash, cash equivalents and marketable securities, anticipated debt repayments, and minimum cash and satisfaction of performance milestones to comply with debt covenants under its Loan and Security Agreement raise substantial doubt about our ability to continue as a going concern for the next twelve months after issuance of our financial statements included in this Quarterly Report on Form 10-Q. As of March 31, 2024, we had unrestricted cash, cash equivalents and marketable securities of $98.7 million consisting of cash and investments

in highly liquid U.S. money market funds. We do not expect our existing cash and cash equivalents will be sufficient to fund our operations through the next twelve months and we will need to seek additional capital to fund our operations, working capital needs, capital expenditures and other strategic initiatives beyond that time. Although management has been successful in raising capital in the past, there can be no assurance that we will be successful or that any needed financing will be available in the future at terms acceptable to us. As such, we cannot conclude that such plans will be effectively implemented within one year after the date that the financial statements included in this Quarterly Report on Form 10-Q and there is uncertainty regarding our ability to maintain liquidity sufficient to operate our business effectively, which raises substantial doubt about our ability to continue as a going concern.

ITEM 2: Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

ITEM 3: Defaults Upon Senior Securities

Not applicable**.**

ITEM 4: Mine Safety Disclosures

Not applicable.

ITEM 5: Other Information

During the fiscal quarter ended March 31, 2024, none of our officers or directors, as defined in Rule 16a-1(f), adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” as those terms are defined in Item 408 of Regulation S-K.

ITEM 6: Exhibits

The exhibits listed on the Exhibit Index hereto are filed or incorporated by reference (as stated therein) as part of this Quarterly Report on Form 10-Q.

Exhibit No.	Document
3.1	Amended and Restated Certificate of Incorporation of Senseonics Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37717), filed with the Commission on March 23, 2016).
3.2	Amended and Restated Bylaws of Senseonics Holdings, Inc. (incorporated herein by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-37717), filed with the Commission on March 23, 2016).
3.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Senseonics Holdings, Inc. (incorporated herein by reference to Exhibit 3.3 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2018 (File No. 001-37717), filed with the Commission on August 8, 2018).
3.4	Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37717), filed with the Commission on August 18, 2020).
3.5	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-37717) filed on October 26, 2020).
3.6	Certificate of Designation of Preferences, Rights and Limitations of Series B Convertible Preferred Stock (incorporated by reference to Exhibit 3.5 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-37717) filed with the Commission on November 8, 2022).
3.7	Amendment to Bylaws of Senseonics Holdings, Inc. (incorporated herein by reference to Exhibit 3.7 to the Registrant's Annual Report on Form 10-K (File No. 001-37717) filed with the Commission on March 5, 2021).
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act.
32.1**	Certifications of Principal Executive Officer and Principal Financial Officer under Section 906 of the Sarbanes-Oxley Act.
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Exchange Act and are not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

SENSEONICS HOLDINGS, INC.

Date: May 13, 2024

By: /s/Rick Sullivan
Rick Sullivan
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Timothy T. Goodnow, Ph.D., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Senseonics Holdings, Inc. (the "registrant");

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(s) 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(s) 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: May 13, 2024

/s/ Timothy T. Goodnow, Ph.D.
Timothy T. Goodnow, Ph.D.
President & Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rick Sullivan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Senseonics Holdings, Inc. (the "registrant");

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(s) 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(s) 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: May 13, 2024

/s/ Rick Sullivan
Rick Sullivan
Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATIONS OF
PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Timothy T. Goodnow, Ph.D., President and Chief Executive Officer of Senseonics Holdings, Inc. (the "Company"), and Rick Sullivan, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (the "Quarterly Report"), to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act, and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 13th day of May 2024.

/s/ Timothy T. Goodnow, Ph.D.	/s/ Rick Sullivan
Timothy T. Goodnow, Ph.D.	Rick Sullivan
President & Chief Executive Officer	Chief Financial Officer
(principal executive officer)	(principal financial officer)

* This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.