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DELTA REPORT

10-Q

SNES - SENESTECH, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	468
CHANGES	146
DELETIONS	158
ADDITIONS	164

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

FORM 10-Q

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

For the quarterly period ended June 30, 2023 September 30, 2023

OR

o **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: 001-37941

SENESTECH, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-2079805**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
23460 N 19th Ave, Suite 110 Phoenix, AZ	**85027**
(Address of principal executive offices)	(Zip Code)

(928) 779-4143
(Registrant's telephone number, including area code)

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

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

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

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

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 x No o

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	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
Emerging growth company	o		

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. o

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

The number of shares of common stock outstanding as of August 9, 2023 November 8, 2023: 2,964,485 3,631,060

SENESTECH, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE SEPTEMBER 30, 2023

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

SENESTECH, INC.
CONDENSED BALANCE SHEETS
(In thousands, except shares and per share data)

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
ASSETS	**ASSETS**	(unaudited)		**ASSETS**	(unaudited)	
Current assets:	**Current assets:**			**Current assets:**		
Cash and cash equivalents	Cash and cash equivalents	$ 2,196	$ 4,775	Cash and cash equivalents	$ 2,145	$ 4,775
Accounts receivable, net	Accounts receivable, net	44	113	Accounts receivable, net	83	113
Prepaid expenses	Prepaid expenses	330	378	Prepaid expenses	385	378
Inventory, net	Inventory, net	765	853	Inventory, net	703	853
Total current assets	**Total current assets**	3,335	6,119	**Total current assets**	3,316	6,119
Right to use assets, operating leases	Right to use assets, operating leases	261	347	Right to use assets, operating leases	217	347

Property and equipment, net	Property and equipment, net	245	294	Property and equipment, net	313	294
Other noncurrent assets	Other noncurrent assets	22	22	Other noncurrent assets	22	22
Total assets	**Total assets**	$ 3,863	$ 6,782	**Total assets**	$ 3,868	$ 6,782
LIABILITIES AND STOCKHOLDERS' EQUITY	**LIABILITIES AND STOCKHOLDERS' EQUITY**			**LIABILITIES AND STOCKHOLDERS' EQUITY**		
Current liabilities:	**Current liabilities:**			**Current liabilities:**		
Accounts payable	Accounts payable	$ 120	$ 540	Accounts payable	$ 147	$ 540
Accrued expenses	Accrued expenses	621	560	Accrued expenses	671	560
Current portion of operating lease liability	Current portion of operating lease liability	188	180	Current portion of operating lease liability	192	180
Current portion of note payable				Current portion of note payable	9	—
Deferred revenue	Deferred revenue	24	44	Deferred revenue	15	44
Total current liabilities	**Total current liabilities**	953	1,324	**Total current liabilities**	1,034	1,324
Operating lease liability, less current portion	Operating lease liability, less current portion	83	179	Operating lease liability, less current portion	34	179
Note payable, less current portion				Note payable, less current portion	44	—
Total liabilities	**Total liabilities**	1,036	1,503	**Total liabilities**	1,112	1,503
Commitments and contingencies (see notes)	Commitments and contingencies (see notes)			Commitments and contingencies (see notes)		
Stockholders' equity:	**Stockholders' equity:**			**Stockholders' equity:**		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, none issued and outstanding	Preferred stock, $0.001 par value, 10,000,000 shares authorized, none issued and outstanding	—	—	Preferred stock, $0.001 par value, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value, 100,000,000 shares authorized, 2,964,485 and 809,648 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively		3	1			
Common stock, $0.001 par value, 100,000,000 shares authorized, 5,899,060 shares issued and 3,279,485 shares outstanding as of September 30, 2023 and 809,648 shares issued and outstanding as of December 31, 2022				Common stock, $0.001 par value, 100,000,000 shares authorized, 5,899,060 shares issued and 3,279,485 shares outstanding as of September 30, 2023 and 809,648 shares issued and outstanding as of December 31, 2022	3	1
Additional paid-in capital	Additional paid-in capital	129,057	127,481	Additional paid-in capital	130,933	127,481
Accumulated deficit	Accumulated deficit	(126,233)	(122,203)	Accumulated deficit	(128,180)	(122,203)

Total stockholders' equity	**Total stockholders' equity**	2,827	5,279	**Total stockholders' equity**	2,756	5,279
Total liabilities and stockholders' equity	**Total liabilities and stockholders' equity**	$ 3,863	$ 6,782	**Total liabilities and stockholders' equity**	$ 3,868	$ 6,782

See accompanying notes to condensed financial statements.

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SENESTECH, INC.
CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except shares and per share data)
(Unaudited)

		Three Months Ended June 30,		**Six Months Ended June 30,**			**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
		2023	**2022**	**2023**	**2022**		**2023**	**2022**	**2023**	**2022**
Revenues, net	Revenues, net	$ 305	$ 277	$ 538	$ 472	Revenues, net	$ 360	$ 250	$ 898	$ 722
Cost of sales	Cost of sales	163	141	304	246	Cost of sales	184	128	488	374
Gross profit	Gross profit	142	136	234	226	Gross profit	176	122	410	348
Operating expenses:	Operating expenses:					Operating expenses:				
Research and development	Research and development	381	431	768	947	Research and development	379	452	1,147	1,399
Selling, general and administrative	Selling, general and administrative	1,761	2,277	3,511	4,184	Selling, general and administrative	1,748	2,289	5,259	6,473
Total operating expenses	Total operating expenses	2,142	2,708	4,279	5,131	Total operating expenses	2,127	2,741	6,406	7,872
Loss from operations	Loss from operations	(2,000)	(2,572)	(4,045)	(4,905)	Loss from operations	(1,951)	(2,619)	(5,996)	(7,524)
Other income (expense):	Other income (expense):					Other income (expense):				
Interest income	Interest income	7	1	15	3	Interest income	4	1	19	4
Interest expense	Interest expense	—	—	—	(1)	Interest expense	—	—	—	(1)
Miscellaneous income		—	2	—	2					
Other income, net		7	3	15	4					
Miscellaneous expense, net						Miscellaneous expense, net	—	(28)	—	(26)
Other income (expense), net						Other income (expense), net	4	(27)	19	(23)
Net loss and comprehensive loss	Net loss and comprehensive loss	$ (1,993)	$ (2,569)	$ (4,030)	$ (4,901)	Net loss and comprehensive loss	$ (1,947)	$ (2,646)	$ (5,977)	$ (7,547)
Weighted average shares outstanding - basic and fully diluted		2,860,874	610,635	2,208,162	610,543					
Net loss per share - basic and fully diluted		$ (0.70)	$ (4.21)	$ (1.83)	$ (8.03)					

Weighted average shares outstanding - basic and diluted	4,176,592	610,648	3,037,790	610,578
Net loss per share - basic and diluted	$ (0.47)	$ (4.33)	$ (1.97)	$ (12.36)

See accompanying notes to condensed financial statements.

SENESTECH, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Cash flows from operating activities:				
Net loss	$ (4,030)	$ (4,901)	$ (5,977)	$ (7,547)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	69	113	104	148
Stock-based compensation	336	430	467	570
Bad debt expense	(2)	12	(4)	5
Loss on sale of property and equipment			—	28
Changes in operating assets and liabilities:				
Accounts receivable	71	(19)	34	(16)
Other assets	(2)	—		
Prepaid expenses	92	(108)	(7)	(174)
Inventory	88	25	150	48
Other assets			(3)	—
Accounts payable	(420)	(47)	(393)	142
Accrued expenses	61	306	111	409
Deferred revenue	(20)	41	(29)	48
Net cash used in operating activities	(3,757)	(4,148)	(5,547)	(6,339)
Cash flows from investing activities:				
Purchase of property and equipment	(21)	(146)	(114)	(167)

Proceeds received from sale of property and equipment				Proceeds received from sale of property and equipment	—	4
Net cash used in investing activities	**Net cash used in investing activities**	(21)	(146)	**Net cash used in investing activities**	(114)	(163)
Cash flows from financing activities:	**Cash flows from financing activities:**			**Cash flows from financing activities:**		
Proceeds from the issuance of common stock, net		1,210	—			
Repayments of notes payable		—	(5)			
Proceeds from issuances of common stock, net				Proceeds from issuances of common stock, net	2,998	—
Proceeds from (repayments of) notes payable, net				Proceeds from (repayments of) notes payable, net	44	(5)
Repayments of finance lease obligations	Repayments of finance lease obligations	—	(27)	Repayments of finance lease obligations	—	(27)
Payment of employee withholding taxes related to share based awards	Payment of employee withholding taxes related to share based awards	(11)	—	Payment of employee withholding taxes related to share based awards	(11)	—
Net cash provided by (used in) financing activities	**Net cash provided by (used in) financing activities**	1,199	(32)	**Net cash provided by (used in) financing activities**	3,031	(32)
Decrease in cash and cash equivalents	Decrease in cash and cash equivalents	(2,579)	(4,326)	Decrease in cash and cash equivalents	(2,630)	(6,534)
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	4,775	9,326	Cash and cash equivalents, beginning of period	4,775	9,326
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	$ 2,196	$ 5,000	Cash and cash equivalents, end of period	$ 2,145	$ 2,792
Supplemental disclosures of cash flow information:						
Interest paid		$ —	$ 1			
Income taxes paid		$ —	$ —			
Supplemental cash flow information is as follows:				**Supplemental cash flow information is as follows:**		
Cash paid for interest				Cash paid for interest	$ —	$ 1
Cash paid for income taxes				Cash paid for income taxes	—	—
Non-cash investing and financing activities:				Non-cash investing and financing activities:		
Note payable incurred for the purchase of certain equipment				Note payable incurred for the purchase of certain equipment	10	—

See accompanying notes to condensed financial statements.

SENESTECH, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1: BASIS OF PRESENTATION

Nature of Business

SenesTech, Inc. (subsequently referred to in this report as “we,” “us,” “our,” or “our Company” company”) was incorporated in the state of Nevada in July 2004. On November 12, 2015, we subsequently reincorporated in the state of Delaware. Our corporate headquarters and manufacturing site are in Phoenix, Arizona. We have developed and are commercializing a global, proprietary technology for managing animal pest populations, initially rat populations, through fertility control with our control. Our first product is known as ContraPest®.

ContraPest is a liquid bait containing the active ingredients 4-vinylcyclohexene diepoxide and triptolide. ContraPest limits reproduction of male and female rats beginning with the first breeding cycle following consumption. ContraPest is being marketed for use in controlling Norway and roof rat populations. In addition to the U.S. Environmental Protection Agency registration of ContraPest, we must obtain registration from the various state regulatory agencies prior to selling in each state. To date, we have received registration for ContraPest in all 50 states and the District of Columbia, 49 of which have approved the removal of the Restricted Use designation, as well as the District of Columbia and five major U.S. territories.

We are pursuing additional products including Evolve™, a soft bait containing the active ingredient cottonseed oil. Evolve limits reproduction of male and female rats after one to two breeding cycles following consumption. Evolve is being developed as a minimum risk pesticide under the U.S. Environmental Protection Agency Federal Insecticide, Fungicide, and Rodenticide Act, Section 25(b). For further information see Note 10.

Going Concern

Our condensed financial statements as of June 30, 2023 September 30, 2023 were prepared under the assumption that we would continue as a going concern. The reports of our independent registered public accounting firm that accompanies our financial statements for each of the years ended December 31, 2022 and December 31, 2021 contain a going concern qualification in which such firm expressed substantial doubt about our ability to continue as a going concern, based on the financial statements at that time. Specifically, we have incurred operating losses since our inception, and we expect to continue to incur significant expenses and operating losses for the foreseeable future. These prior losses and expected future losses have had, and will continue to have, an adverse effect on our financial condition. If we encounter continued issues or delays in the commercialization of ContraPest, fertility control products, our expected future losses could have an adverse effect on our financial condition and negatively impact our ability to fund continued operations, obtain additional financing in the future and continue as a going concern. There are no assurances that such financing, if necessary, will be available to us at all or will be available in sufficient amounts or on reasonable terms. Our financial statements do not include any adjustments that may result from the outcome of this uncertainty. If we are unable to generate additional funds in the future through additional financings, sales of our products, licensing fees, royalty payments or from other sources or transactions, we will exhaust our resources and will be unable to continue operations.

Liquidity and Capital Resources

Since our inception, we have sustained significant operating losses in the course of our research and development and commercialization activities and expect such losses to continue for the near future. We have generated limited revenue to date from product sales, research grants and licensing fees received under a former license agreement. We have primarily funded our operations to date through the sale of equity securities, including convertible preferred stock, common stock and warrants to purchase common stock.

We have also raised capital through debt financing, consisting primarily of convertible notes and government loan programs, and, to a lesser extent, payments received in connection with product sales, research grants and licensing fees.

As of June 30, 2023 September 30, 2023, we had an accumulated deficit of $126.2 $128.2 million and cash and cash equivalents of $2.2 million $2.1 million.

Our ultimate success depends upon the outcome of a combination of factors, including the following: (i) successful commercialization of ContraPest fertility control products and maintaining and obtaining regulatory approval of our products and product candidates; (ii) market acceptance, commercial viability and profitability of ContraPest fertility control products and other products; (iii) the ability to market our products and establish an effective sales force and marketing infrastructure to generate significant revenue; (iv) the success of our research and development; (v) the ability to retain and attract key personnel to develop, operate and grow our business; and (vi) our ability to meet our working capital needs.

Based upon our current operating plan, we expect that cash and cash equivalents at June 30, 2023 September 30, 2023, in combination with anticipated revenue and any additional sales of our equity securities, (see Note 10), will be sufficient to fund our current operations for at least the next three months.

While we have evaluated and continue to evaluate our operating expenses and concentrate our resources toward the successful commercialization of ContraPest fertility control products in the United States, additional financing will be needed before achieving anticipated revenue targets and margin targets. If we are unable to raise necessary capital through the sale of our securities, we may be required to take other measures that could impair our ability to be successful and operate as a going concern. In any event, additional capital is needed in order to fund our operating losses and research and development activities before we become profitable. We may never achieve profitability or generate positive cash flows, and unless and until we do, we will continue to need to raise capital through equity or debt financing. If such equity or debt financing is not available at adequate levels or on acceptable terms, we may need to delay, limit or terminate commercialization and development efforts or discontinue operations.

Condensed Financial Statements

Our accompanying unaudited condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial reporting. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with the U.S. generally accepted accounting principles ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. In our opinion, the unaudited condensed financial statements include all material adjustments, all of which are of a normal and recurring nature, necessary to present fairly our financial position as of June 30, 2023 September 30, 2023, and our operating results and cash flows for the three- and six-month nine-month periods ended June 30, 2023 September 30, 2023 and 2022. The accompanying financial information as of December 31, 2022 is derived from audited financial statements. Interim results are not necessarily indicative of results for a full year. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 17, 2023.

Recent Accounting Pronouncements

There have been no new accounting pronouncements not yet effective or adopted in the current year that we believe have a significant impact, or potential significant impact, to our condensed financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and classification of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The significant estimates in our financial statements include the valuation of inventory, common stock warrants, and stock-based awards, such as stock options and restricted stock units. Actual results could differ from such estimates.

Comprehensive Loss

We have no other comprehensive income items for the periods presented. As a result, our net loss and comprehensive loss were the same for the periods presented and a separate statement of comprehensive loss is not included in the accompanying condensed financial statements.

Reclassification

To conform with the 2023 presentation, we have reclassified the Loss on sale of property and equipment of $28,000 and Proceeds received from sale of property and equipment of $4,000 from Purchases of property and equipment in the condensed statement of cash flows for the nine months ended September 30, 2022. These reclassifications had no impact on our condensed statement of operations and comprehensive loss for the nine months ended September 30, 2022.

NOTE 2: BALANCE SHEET COMPONENTS

Cash and Cash Equivalents

Highly liquid investments with maturities of three months or less as of the date of acquisition are classified as cash equivalents, of which we had $2.2 million $2.1 million and $4.8 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, included within cash and cash equivalents in the condensed balance sheets.

Accounts Receivable, Net

Accounts receivable, net consisted of the following (in thousands):

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Accounts receivable	Accounts receivable	$ 48	$ 119	Accounts receivable	$ 85	$ 119
Allowance for uncollectible accounts	Allowance for uncollectible accounts	(4)	(6)	Allowance for uncollectible accounts	(2)	(6)
Accounts receivable, net	Accounts receivable, net	$ 44	$ 113	Accounts receivable, net	$ 83	$ 113

The following was the activity in the allowance for uncollectible accounts (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Balance as of beginning of period	Balance as of beginning of period	$ 4	$ —	$ 6	$ —	Balance as of beginning of period	$ 4	$ 12	$ 6	$ —
Increase in provision	Increase in provision	—	12	—	12	Increase in provision	2	—	2	12
Amounts written off, less recoveries	Amounts written off, less recoveries	—	—	(2)	—	Amounts written off, less recoveries	(4)	(7)	(6)	(7)
Balance as of end of period	Balance as of end of period	$ 4	$ 12	$ 4	$ 12	Balance as of end of period	$ 2	$ 5	$ 2	$ 5

Inventory, net

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

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Raw materials	Raw materials	$ 729	$ 772	Raw materials	$ 670	$ 772
Work in progress				Work in progress	5	—
Finished goods	Finished goods	54	99	Finished goods	46	99
Total inventory	Total inventory	783	871	Total inventory	721	871
Less: reserve for obsolescence	Less: reserve for obsolescence	(18)	(18)	Less: reserve for obsolescence	(18)	(18)
Inventory, net	Inventory, net	$ 765	$ 853	Inventory, net	$ 703	$ 853

The following was the activity in the reserve for obsolescence (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Balance as of beginning of period	Balance as of beginning of period	$ 18	$ 26	$ 18	$ 29	Balance as of beginning of period	$ 18	$ 22	$ 18	$ 29
Increase in reserve	Increase in reserve	—	—	—	—	Increase in reserve	—	—	—	—
Amounts relieved	Amounts relieved	—	(4)	—	(7)	Amounts relieved	—	(3)	—	(10)
Balance as of end of period	Balance as of end of period	$ 18	$ 22	$ 18	$ 22	Balance as of end of period	$ 18	$ 19	$ 18	$ 19

Prepaid Expenses

Prepaid expenses consisted of the following (in thousands):

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Software licenses				Software licenses	138	157
Professional services	Professional services	$ 107	$ 41	Professional services	95	41
Insurance	Insurance	97	61	Insurance	44	61

Software licenses		94	157			
Other		14	6			
Patents	Patents	10	39	Patents	17	39
Marketing programs and conferences	Marketing programs and conferences	8	74	Marketing programs and conferences	6	74
Other				Other	85	6
Total prepaid expenses	Total prepaid expenses	$ 330	$ 378	Total prepaid expenses	$ 385	$ 378

Property and Equipment, Net

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

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Research and development equipment	Research and development equipment	$ 1,569	$ 1,558	Research and development equipment	$ 1,621	$ 1,558
Office and computer equipment	Office and computer equipment	803	800	Office and computer equipment	808	800
Autos	Autos	54	54	Autos	54	54
Furniture and fixtures	Furniture and fixtures	41	41	Furniture and fixtures	41	41
Leasehold improvements	Leasehold improvements	119	119	Leasehold improvements	119	119
Total in service	Total in service	2,586	2,572	Total in service	2,643	2,572
Accumulated depreciation and amortization	Accumulated depreciation and amortization	(2,353)	(2,283)	Accumulated depreciation and amortization	(2,387)	(2,283)
Total in service, net	Total in service, net	233	289	Total in service, net	256	289
Construction in progress	Construction in progress	12	5	Construction in progress	57	5
Property and equipment, net	Property and equipment, net	$ 245	$ 294	Property and equipment, net	$ 313	$ 294

Accrued Expenses

Accrued expenses consisted of the following (in thousands):

		June 30, 2023	December 31, 2022		September 30, 2023	December 31, 2022
Compensation, severance and related benefits	Compensation, severance and related benefits	$ 468	$ 497	Compensation, severance and related benefits	$ 521	$ 497
Legal services	Legal services	138	36	Legal services	135	36
Product warranty	Product warranty	15	18	Product warranty	15	18
Personal property and franchise tax	Personal property and franchise tax	—	6	Personal property and franchise tax	—	6
Other	Other	—	3	Other	—	3
Total accrued expenses	Total accrued expenses	$ 621	$ 560	Total accrued expenses	$ 671	$ 560

Note Payable

In August 2023, we arranged financing for the purchase of certain equipment. The note payable has an annual interest rate of 9.1% with a term of 5 years and is secured by the underlying equipment.

As of September 30, 2023, future principal payments were as follows (in thousands):

2023	$ 3
2024	9
2025	10
2026	11
2027	12
Thereafter	8
Total principal payments	53
Less: current portion of note payable	(9)
Note payable, less current portion	$ 44

NOTE 3: FAIR VALUE MEASUREMENTS

The carrying amounts of our financial instruments, including accounts payable and accrued liabilities, approximate fair value due to their short maturities. Note payable is recorded at amortized cost, which approximates fair value.

NOTE 4: LEASES

We have operating leases for our corporate headquarters and our manufacturing and research facility, which expire in 2024. We were obligated under finance leases for certain research and computer equipment, of which the last arrangement expired in June 2022.

The components of lease cost were as follows (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Operating lease cost	Operating lease cost	$ 55	$ 56	$ 111	$ 112	Operating lease cost	$ 55	$ 55	$ 166	$ 167
Finance lease cost:	Finance lease cost:					Finance lease cost:				
Amortization of right-of-use asset	Amortization of right-of-use asset	$ —	$ 11	$ —	$ 27	Amortization of right-of-use asset	$ —	$ —	$ —	$ 27
Interest on lease liability	Interest on lease liability	—	—	—	1	Interest on lease liability	—	—	—	1
Total finance lease cost	Total finance lease cost	$ —	$ 11	$ —	$ 28	Total finance lease cost	$ —	$ —	$ —	$ 28

As of June 30, 2023 September 30, 2023, maturities of operating lease liabilities were as follows (in thousands):

2023	2023	$ 99	2023	$ 50
2024	2024	186	2024	186
Total operating lease payments	Total operating lease payments	285	Total operating lease payments	236
Less imputed interest		(14)		
Less: imputed interest			Less: imputed interest	(10)
Total operating lease liabilities	Total operating lease liabilities	$ 271	Total operating lease liabilities	$ 226

NOTE 5: STOCK-BASED COMPENSATION

In 2018, our stockholders approved the adoption of the SenesTech, Inc. 2018 Equity Incentive Plan (the “2018 Plan”). The 2018 Plan has since been amended and restated on certain occasions, most recently on June 26, 2023, when our stockholders approved an increase to the total number of authorized shares to 848,614 shares.

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Stock options are generally issued with a per share exercise price equal to the fair market value of our common stock at the date of grant. Options granted generally vest immediately, or ratably over a 12- to 36-month period coinciding with their respective service periods, with terms generally of five years. Certain stock option awards provide for accelerated vesting upon a change in control.

As of June 30, 2023 September 30, 2023, we had 465,580 496,330 shares of common stock available for issuance under the 2018 Plan.

Stock Options

The following table presents the outstanding stock option activity:

		Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)		Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)
Three months ended June 30, 2023:								
Outstanding as of March 31, 2023		280,448	$ 17.11	4.4				
Three months ended September 30, 2023:					**Three months ended September 30, 2023:**			
Outstanding as of June 30, 2023					Outstanding as of June 30, 2023	479,426	$ 17.11	4.4
Granted	Granted	199,421	1.25	5.0	Granted	—	—	—
Exercised	Exercised	—	—	—	Exercised	—	—	—
Forfeited	Forfeited	(107)	39.64	—	Forfeited	(30,750)	5.25	—
Expired	Expired	(336)	118.25	—	Expired	—	—	—
Outstanding as of June 30, 2023		479,426 [1]	10.01	4.5				
Six months ended June 30, 2023:								
Outstanding as of September 30, 2023					Outstanding as of September 30, 2023	448,676 [1]	10.34	4.2
Nine months ended September 30, 2023:					**Nine months ended September 30, 2023:**			
Outstanding as of December 31, 2022	Outstanding as of December 31, 2022	280,810	17.00	3.9	Outstanding as of December 31, 2022	280,810	17.00	3.9
Granted	Granted	199,421	1.25	5.0	Granted	199,421	1.25	5.0
Exercised	Exercised	—	—	—	Exercised	—	—	—
Forfeited	Forfeited	(433)	119.46	—	Forfeited	(31,183)	17.97	—
Expired	Expired	(372)	680.87	—	Expired	(372)	680.87	—

Outstanding as of June 30, 2023	479,426 (1)	10.01	4.5
Exercisable as of June 30, 2023	139,583	29.16	3.8
Outstanding as of September 30, 2023	448,676 (1)	10.34	4.2
Exercisable as of September 30, 2023	194,878	30.92	3.9

(1) Includes options related to 99,000 shares that are inducement awards and not granted under the 2018 Plan.

The weighted average grant date fair value of options granted during the six nine months ended June 30, 2023 September 30, 2023 was $1.24 per share, based on the following assumptions used in the Black-Scholes option pricing model:

Expected volatility	128 %
Expected dividend yield	—
Expected term (in years)	5
Risk-free interest rate	5.3 %

The expected volatility assumption is based on the calculated volatility of our common stock at the date of grant based on historical prices over the most recent period commensurate with the term of the award. The expected dividend yield assumption is based on our history and expected dividend payouts: we have not, and do not expect to, pay dividends. The expected term assumption is the contractual term of the options for non-employees. The risk-free interest rate assumption is determined using the U.S. treasury yields for bonds with a maturity commensurate with the term of the award.

Restricted Stock Units

The following table presents the unvested restricted stock unit activity:

	Number of Units	Weighted Average Grant-Date Fair Value Per Unit	Number of Units	Weighted Average Grant-Date Fair Value Per Unit
Unvested balance as of December 31, 2022	18,799	$ 2.71	18,799	$ 2.71
Granted	—	—	—	—
Vested	(18,799)	2.71	(18,799)	2.71
Forfeited	—	—	—	—
Unvested balance as of June 30, 2023	—	—		
Unvested balance as of September 30, 2023			—	—

The stock-based compensation expense was recorded as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Research and development	$ 5	$ 3	$ 9	$ 4	$ 5	$ 1	$ 12	$ 5
Selling, general and administrative (1)	165	203	327	426	165	139	455	565

Total stock-based compensation expense	Total stock-based compensation expense	$ 170	$ 206	$ 336	$ 430	Total stock-based compensation expense	$ 170	$ 140	$ 467	$ 570

(1) For the three Includes $44,000 and six month periods ended June 30, 2023, includes $56,000 $100,000 related to stock issued in exchange for marketing services. services for the three and nine month periods ended September 30, 2023, respectively.

The allocation between research and development and selling, general and administrative expense was based on the department and services performed by the employee or non-employee.

At June 30, 2023 September 30, 2023, the total compensation cost related to unvested options not yet recognized was $469,000, $382,000, which will be recognized over a weighted average period of 1.6 1.3 years, assuming the employees and non-employees complete their service period required for vesting.

NOTE 6: STOCKHOLDERS' EQUITY

On August 18, 2023, at a special meeting of stockholders, our stockholders approved an amendment to our amended and restated certificate of incorporation, as amended, to effect a reverse stock split (the "Reverse Stock Split") of our issued and outstanding common stock by a ratio of not less than 1-for-2 and not more than 1-for-12. The exact ratio of the Reverse Stock Split will be set within this range as determined by our board of directors in its sole discretion prior to the time of the Reverse Stock Split and will be publicly announced by us prior to the effective time.

On July 21, 2023, our board of directors approved a public offering of shares of our common stock, together with Series D and Series E warrants to purchase shares of our common stock for aggregate gross proceeds of up to $7.5 million. See Form S-1 filed with the SEC on July 21, 2023 (File No. 333-273370). No shares have yet been issued pursuant to this filing.

Activity in equity during the six nine month periods ended June 30, 2023 September 30, 2023 and 2022 was as follows (dollars in thousands):

2023	**2023**	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total	**2023**	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balances as of December 31, 2022	Balances as of December 31, 2022	809,648	$ 1	$ 127,481	$ (122,203)	$ 5,279	Balances as of December 31, 2022	809,648	$ 1	$ 127,481	$ (122,203)	$ 5,279
Stock-based compensation	Stock-based compensation	—	—	166	—	166	Stock-based compensation	—	—	166	—	166
Issuance of common stock upon exercise of warrants	Issuance of common stock upon exercise of warrants	1,230,000	1	(1)	—	—	Issuance of common stock upon exercise of warrants	1,230,000	1	(1)	—	—
Issuance of common stock for service	Issuance of common stock for service	54,466	—	100	—	100	Issuance of common stock for service	13,225	—	100	—	100
Issuance of shares pursuant to the vesting of restricted stock units, net of shares withheld for taxes	Issuance of shares pursuant to the vesting of restricted stock units, net of shares withheld for taxes	13,225	—	(11)	—	(11)	Issuance of shares pursuant to the vesting of restricted stock units, net of shares withheld for taxes	54,466	—	(11)	—	(11)
Net loss	Net loss	—	—	—	(2,037)	(2,037)	Net loss	—	—	—	(2,037)	(2,037)

Balances as of March 31, 2023	Balances as of March 31, 2023	2,107,339	2	127,735	(124,240)	3,497	Balances as of March 31, 2023	2,107,339	2	127,735	(124,240)	3,497
Stock-based compensation	Stock-based compensation	—	—	113	—	113	Stock-based compensation	—	—	113	—	113
Issuance of common stock, net of issuance costs	Issuance of common stock, net of issuance costs	857,146	1	1,209	—	1,210	Issuance of common stock, net of issuance costs	857,146	1	1,209	—	1,210
Net loss	Net loss	—	—	—	(1,993)	(1,993)	Net loss	—	—	—	(1,993)	(1,993)
Balances as of June 30, 2023	Balances as of June 30, 2023	2,964,485	$ 3	$ 129,057	$ (126,233)	$ 2,827	Balances as of June 30, 2023	2,964,485	3	129,057	(126,233)	2,827
Stock-based compensation							Stock-based compensation	—	—	88	—	88
Modification of terms related to certain warrants							Modification of terms related to certain warrants	—	—	657		657
Issuance of common stock upon exercise of warrants, net							Issuance of common stock upon exercise of warrants, net	315,000	—	1,131	—	1,131
Net loss							Net loss	—	—	—	(1,947)	(1,947)
Balances as of September 31, 2023							Balances as of September 31, 2023	3,279,485	3	$ 130,933	$ (128,180)	$ 2,756
2022	**2022**						**2022**					
Balances as of December 31, 2021	Balances as of December 31, 2021	610,364	$ 1	$ 122,542	$ (112,508)	$ 10,035	Balances as of December 31, 2021	610,364	1	$ 122,542	$ (112,508)	$10,035
Stock-based compensation	Stock-based compensation	—	—	221	—	221	Stock-based compensation	—	—	221	—	221
Issuance of common stock for service	Issuance of common stock for service	250	—	3	—	3	Issuance of common stock for service	250	—	3	—	3
Net loss	Net loss	—	—	—	(2,332)	(2,332)	Net loss	—	—	—	(2,332)	(2,332)
Balances as of March 31, 2022	Balances as of March 31, 2022	610,614	1	122,766	(114,840)	7,927	Balances as of March 31, 2022	610,614	1	122,766	(114,840)	7,927
Stock-based compensation	Stock-based compensation	—	—	205	—	205	Stock-based compensation	—	—	205	—	205
Issuance of common stock for service	Issuance of common stock for service	34	—	1	—	1	Issuance of common stock for service	34	—	1	—	1
Net loss	Net loss	—	—	—	(2,569)	(2,569)	Net loss	—	—	—	(2,569)	(2,569)
Balances as of June 30, 2022	Balances as of June 30, 2022	610,648	$ 1	$ 122,972	$ (117,409)	$ 5,564	Balances as of June 30, 2022	610,648	1	122,972	(117,409)	5,564
Stock-based compensation							Stock-based compensation	—	—	139	—	139
Net loss							Net loss	—	—	—	(2,646)	(2,646)
Balances as of September 30, 2022							Balances as of September 30, 2022	610,648	1	$ 123,111	$ (120,055)	$ 3,057

During the six nine months ended June 30, 2023 September 30, 2023, the following shares of common stock were issued:

- 315,000 shares pursuant to the exercise of warrants. A certain warrant holder was induced to exercise warrants related to 2,934,575 shares by reducing the exercise price to the then current market price of our common stock (the “Warrant Inducement”). The original warrants had an exercise price of $3.165 per share and a weighted average remaining life of 2.3 years. These warrants were exercised for $0.7202 per share for gross proceeds of $2.1 million, before deducting $326,000 of issuance costs and $657,000 related to the modification of the terms of the warrants to induce exercise. Of the 2,934,575 shares issued, 2,619,575 shares are held in abeyance and not considered outstanding, at which time such shares will become outstanding. The balance of the shares held in abeyance will be held in abeyance until notice from the stock holder that the balance, or portion thereof, may be issued in compliance with a beneficial ownership limitation provision in the warrants. See Note 10 for a discussion of outstanding abeyance shares.

  In connection with the Warrant Inducement transaction, new warrants to purchase 5,869,150 shares of our common stock were issued, which are discussed in Note 7.

- 857,146 shares pursuant to a registered direct offering with certain institutional investors for $1.75 per share for gross proceeds of $1.5 million, before deducting issuance costs of $290,000. The shares were offered and sold

  pursuant to a prospectus, dated May 6, 2022, and a prospectus supplement, dated April 10, 2023, in connection with a takedown from our shelf registration statement on Form S-3 (File No. 333-261227).

- 1,230,000 shares pursuant to the exercise of previously outstanding prefunded warrants, which were issued in November 2022 with an exercise price of $3.50 $1.54 per share; share.

- 54,466 restricted shares in exchange for marketing services to be performed through September 2023, with the total value of services to be recognized based on the stock price on the date of issuance; and issuance.

- 13,225 shares pursuant to the vesting of restricted stock units.

NOTE 7: COMMON STOCK WARRANTS

The following table presents the common stock warrant activity:

		Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)		Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (years)
Outstanding as of December 31, 2022	Outstanding as of December 31, 2022	4,414,810	$ 6.58	3.0	Outstanding as of December 31, 2022	4,414,810	$ 6.58	3.0
Issued	Issued	921,432	1.66	5.3	Issued	6,937,311	0.88	4.9
Exercised	Exercised	(1,230,000)	3.50	—	Exercised	(4,164,575)	1.54	—
Expired	Expired	(2,835)	728.00	—	Expired	(13,629)	527.05	—
Outstanding as of June 30, 2023		4,103,407	5.91	3.2				
Outstanding as of September 30, 2023					Outstanding as of September 30, 2023	7,173,917	2.00	4.9

During the six nine months ended June 30, 2023 September 30, 2023:

- In August, warrants were issued to the investor in the Warrant Inducement transaction discussed in Note 6 to purchase up to 5,869,150 shares of our common stock. These warrants are exercisable immediately with an exercise price of $0.7202 per share, and 3,012,006 expiring August 24, 2028 (5-Year Warrants) and 2,857,144 expiring September 24, 2024 (13-Month Warrants). We estimated the fair value of the 5-Year Warrants to be $1.5 million using a Black-Scholes model based on the following significant inputs: common stock price of $0.682 per share; volatility of 98%; term of 5 years; dividend yield of 0%; and risk-free rate of 4.4%. The fair value of the 13-Month Warrants was estimated to be $930,000 using the Black-Scholes model based on the following significant inputs: common stock price of $0.682 per share; volatility of 122%; term of 1.1 year; dividend yield of 0%; and risk-free rate of 4.4%.

- In August, placement agent warrants were issued to purchase up to 146,729 shares of our common stock. The placement agent warrants are exercisable immediately upon issuance, with an exercise price per share of $0.9003 per share, and expire August 24, 2028. We estimated the fair value of these warrants to be $72,000 using a Black-Scholes model based on the following significant inputs: common stock price of $0.682 per share; volatility of 98%; term of 5 years; dividend yield of 0%;and risk-free interest rate of 5.4%.

- In August, warrants representing 2,934,575 shares of common stock were exercised for $0.7202 per share. The terms of these warrants were modified in order to induce exercise. See Warrant Inducement discussion in Note 6. We recorded additional equity costs of $657,000 related to the warrant exercise transaction, which was calculated as the difference between the fair value of the warrants immediately prior to modification and immediately after modification using the Black-Scholes model based on the following significant inputs: common stock price of $0.682 per share; volatility of 96%; term of 2.3 years; dividend yield of 0%; and risk-free rate of 5.0%.

- In April, Series C warrants were issued to the investors in the offering discussed in Note 6 to purchase up to 857,146 shares of our common stock. The Series C warrants are exercisable immediately with an exercise price of $1.62 per share and expire October 12, 2028. We estimated the fair value of these warrants to be $1.1 million

using a Black-Scholes model based on the following significant inputs: common stock price of $1.38 per share; volatility of 164%; term of 5.5 years; dividend yield of —% 0%; and risk-free interest rate of 3.4%; .

- Placement In April, placement agent warrants were issued to purchase up to 64,286 shares of our common stock. The placement agent warrants are exercisable immediately upon issuance, with an exercise price per share of $2.1875 per share, and expire April 10, 2028. We estimated the fair value of these warrants to be $82,000 using a Black-Scholes model based on the following significant inputs: common stock price of $1.38 per share; volatility of 165%; term of 5 years; dividend yield of —% 0%;and risk-free interest rate of 3.5%; and .

- Prefunded In February, prefunded warrants representing 1,230,000 shares of common stock were exercised. Such prefunded warrants were issued in November 2022 with an exercise price of $3.50 $1.54 per share.

NOTE 8: LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. period, which includes prefunded warrants and shares held in abeyance from date of issuance. Diluted loss per share is computed by dividing the loss attributable to common stockholders by the weighted average number of common shares and used in the basic loss per share calculation plus potentially dilutive securities outstanding during the period determined using the treasury stock method. Stock options, warrants and restricted stock units are considered to be potentially dilutive securities but have been excluded from the calculation of diluted loss per share because their effect would be anti-dilutive given the net losses reported for all periods presented. Therefore, basic and diluted loss per share are the same for each period presented.

The following shares were excluded from the calculation of diluted net loss per share:

		Three Months Ended June 30,		Six Months Ended June 30,			Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022		2023	2022	2023	2022
Common stock warrants	Common stock warrants	—	—	166,661	—	Common stock warrants	259,380	—	3,277,507	—
Stock options	Stock options	10,171	—	75,466	—	Stock options	—	—	42,825	10,170
Restricted stock units	Restricted stock units	—	—	—	—	Restricted stock units	—	—	—	—
		10,171	—	242,127	—		259,380	—	3,320,332	10,170

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NOTE 9: CONTINGENCIES

Legal Proceedings

In July 2020, our former corporate general counsel (the "Plaintiff") commenced an action against us in the Superior Court of the State of California, for the County of San Diego. The complaint alleges, among other things, that we breached the Plaintiff's employment contract with us, as well as the implied covenant of good faith and fair dealing, by refusing to issue him the balance of stock options he claims we owe him. In September 2021, the Plaintiff served us and also named 10 individuals as defendants, consisting of current and former directors and employees. We do not believe that all of the defendants have yet been served. Furthermore, two individually named defendants have separately settled with the Plaintiff.

The Plaintiff alleges that such individuals agreed to knowingly and wrongfully withhold the stock options owed to him and are knowingly in receipt of stolen property. The Plaintiff seeks compensatory damages in excess of $500,000, treble damages, and reasonable attorneys' fees. We do not believe the claims described above have merit and intend to aggressively defend against these accusations. The Plaintiff has agreed to mediation to resolve the issues. We do not believe that this litigation is likely to have a material effect on our operations.

NOTE 10: SUBSEQUENT EVENTS

On July 21, 2023 In connection with the Warrant Inducement discussed in Note 6, of the 2,934,575 shares issued, 2,619,575 shares were held in abeyance and not considered outstanding until certain conditions are met, at which time such shares will become outstanding. The balance of the shares in abeyance will be held in abeyance until notice from the stock holder that the balance, or potion thereof, may be issued in compliance with a beneficial ownership limitation provision in the warrants. In

October 2023, the conditions were met and the stock holder provided notice to release 351,575 shares from abeyance which became outstanding. As of November 9, 2023, subject to stockholder approval, our board there were 3,631,060 shares of directors approved an amendment to our amended and restated certificate of incorporation, as amended, to effect a reverse stock split (the "Reverse Stock Split") of our issued and outstanding common stock by outstanding and 2,268,000 shares held in abeyance.

In November 2023, we launched our latest product, Evolve, a ratio soft bait containing the active ingredient cottonseed oil. Evolve limits reproduction of male and female rats after one to two breeding cycles following consumption. Evolve is being marketed for use in controlling rat populations as a minimum risk pesticide under the U.S. Environmental Protection Agency Federal Insecticide, Fungicide, and Rodenticide Act, Section 25(b). We must obtain registration from the various state regulatory agencies that do not less than 1-for-2 and not more than 1-for-12. The exact ratio of accept the Reverse Stock Split will be set within this range as determined by our board of directors federal exemption. To date, we are authorized to sell Evolve in its sole discretion prior to the time of the Reverse Stock Split and will be publicly announced by us prior to the effective time. A special meeting of stockholders is scheduled for August 18, 2023 to vote on such matter, among other items.

On July 21, 2023, our board of directors approved a public offering of shares of our common stock, together with Series D and Series E warrants to purchase shares of our common stock for aggregate gross proceeds of up to $7.5 million. See Form S-1 filed with the SEC on July 21, 2023 (File No. 333-273370). 12 states.

We have evaluated subsequent events from the balance sheet date through August 10, 2023 November 9, 2023, the date at which the condensed financial statements were issued, and determined that there were no additional items that require adjustment to or disclosure in the condensed financial statements.

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our condensed financial statements and related notes.

Forward-Looking Statements

The statements contained in this Quarterly Report on Form 10-Q that are not historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). All statements other than statements of historical facts contained or incorporated herein by reference in this Quarterly Report on Form 10-Q, including statements regarding our future operating results, future financial position, business strategy, objectives, goals, plans, prospects, markets, and plans and objectives for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "estimates," "expects," "intends," "suggests," "targets," "contemplates," "projects," "predicts," "may," "might," "plan," "would," "should," "could," "can," "potential," "continue," "objective," or the negative of those terms, or similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. Specific forward-looking statements in this Quarterly Report on Form 10-Q include statements regarding:

- our expectation that we will continue to incur significant expenses and generate operating losses for the foreseeable future;
- our expectation that cash and cash equivalents at June 30, 2023 September 30, 2023, in combination with anticipated revenue and any additional sales of our equity securities, will be sufficient to fund our current operations for at least the next three months;
- our belief expectation that sales increased significant operating losses in part due to continued focus the course of our internet sales initiatives, enhanced strategic partnership research and collaborations with key distributors development and Pest Management Professionals ("PMP"s); commercialization activities will continue for the near future;
- our expectation that we will continue to incur significant expenses and generate operating losses for at least the next six months;
- our belief that additional financing will be needed before achieving anticipated revenue targets and margin targets;
- our belief that if we are unable to raise necessary capital through the increased sales activity from sale of our field sales organization was primarily due securities, we may be required to an increase in the number of product units sold, including take other measures that could impair our Elevate Bait System ability to be successful and operate as a going concern;

- TM our additional capital is needed to fund our operating losses and research and development activities before we become profitable;
- ; our ability to achieve profitability or generate positive cash flows;
- our successful commercialization of ContraPest; fertility control products in the United States;
- our belief that we may require additional capital in order to fund our operating losses and research and development activities before we become profitable and may opportunistically raise capital;
- our expectation that we will incur substantial and increased expenses;
- our belief that we will need additional financing to fund these continuing and additional expenses;
- our belief that if we encounter continued issues or delays in the commercialization of ContraPest, fertility control products, our expected future losses could have an adverse effect on our financial condition and negatively impact our ability to fund continued operations, obtain additional financing in the future and continue as a going concern;
- our ability to enter into strategic partnerships to enable us to penetrate additional target markets and geographical locations;
- our expectation that our expenses will continue or increase in connection with our ongoing activities, particularly as we focus on marketing and sales of ContraPest; fertility control products;
- our ability to maintain and obtain regulatory approval for our product and product candidates;
- our ability to gain market acceptance, commercial viability and profitability of ContraPest fertility control products and other products;
- our ability to market our products and establish an effective sales force and marketing infrastructure to generate significant revenue;
- the success of our research and development;
- our ability to retain and attract key personnel to develop, operate, and grow our business;
- our ability to meet our working capital needs;
- our estimates or expectations related to our revenue, cash flow, expenses, capital requirements and need for additional financing;
- our plans for our business, including for research and development;

- our belief the claims against us do not have merit and our intention to aggressively defend against these accusations;
- our belief the litigation against us is not likely to have a material effect on our operations;
- our financial performance, including our ability to fund operations; and
- developments and projections relating to our projects, competitors and our industry, including legislative developments and impacts from those developments.

These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and situations that are difficult to predict and that may cause our own, or our industry's, actual results to be materially different from the future results that are expressed or implied by these statements. Accordingly, actual results may differ materially from those anticipated or expressed in such statements as a result of a variety of factors, including those discussed in Item 1A-"Risk Factors" of Part I of our Annual Report on Form 10-K, for the year ended December 31, 2022, filed with the SEC on March 17, 2023, and those contained from time to time in our other filings with the SEC. A number of factors could cause our actual results to differ materially from those indicated by the forward-looking statements. Such factors include, among others, the following:

- the successful commercialization of our products;
- market acceptance of our products;
- our financial performance, including our ability to fund operations;

- our ability to maintain compliance with Nasdaq's continued listing requirements; and
- regulatory approval and regulation of our products and other factors and risks identified from time to time in our filings with the SEC, including this Quarterly Report on Form 10-Q.

All forward-looking statements included herein are based on information available to us as of the date hereof and speak only as of such date. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. The forward-looking statements contained in or incorporated by reference into this Quarterly Report on Form 10-Q reflect our views as of the date of this Quarterly Report on Form 10-Q about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause our actual results, performance or achievements to differ significantly from those expressed or implied in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, performance or achievements.

We are subject to the information requirements of the Exchange Act, and we file or furnish reports, proxy statements and other information with the SEC. Such reports and other information we file with the SEC are available free of charge at www.senestech.com as soon as practicable after such reports are available on the SEC's website at www.sec.gov. The

SEC's website contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Overview

Since our inception, we have sustained significant operating losses in the course of our research and development and commercialization activities and expect such losses to continue for the near future. We have generated limited revenue to date from product sales, research grants and licensing fees received under our former license agreement. We have primarily funded our operations to date through the sale of equity securities, including convertible preferred stock, common stock and warrants to purchase common stock.

Through June 30, 2023 September 30, 2023, we received net proceeds of $94.8 million $96.6 million from our sales of common stock, preferred stock and warrant exercises and issuance of convertible and other promissory notes, an aggregate of $1.7 million from licensing fees and an aggregate of $3.0 million $3.4 million in net product sales. As of June 30, 2023 September 30, 2023, we had an accumulated deficit of $126.2 million $128.2 million and cash and cash equivalents of $2.2 million $2.1 million.

We have incurred significant operating losses every year since our inception, with a net losses loss of $2.0 million and $2.6 million $1.9 million for the three months ended June 30, 2023 and 2022, respectively. September 30, 2023. We expect to continue to incur significant expenses and generate operating losses for at least the next six months.

Our ultimate success depends upon the outcome of a combination of factors, including the following: (i) successful commercialization of ContraPest fertility control products and maintaining and obtaining regulatory approval of our products and product candidates; (ii) market acceptance, commercial viability and profitability of ContraPest fertility control products and other products; (iii) the ability to market our products and establish an effective sales force and marketing infrastructure to generate significant revenue; (iv) the success of our research and development; (v) the ability to retain and attract key personnel to develop, operate and grow our business; and (vi) our ability to meet our working capital needs.

Based upon our current operating plan, we expect that cash and cash equivalents at June 30, 2023 September 30, 2023, in combination with anticipated revenue and any additional sales of our equity securities, will be sufficient to fund our current operations for at least the next three months. In July 2023, we initiated a public offering of shares of our common stock, together with Series D and Series E warrants to purchase shares of our common stock seeking aggregate gross proceeds of up to $7.5 million. And, in August 2023, a certain warrant holder was induced to exercise warrants related to 2,934,575 shares by reducing the exercise price to the then current market price for our common stock. These warrants were exercised for $0.7202 per share for gross proceeds of $2.1 million, before deducting issuance costs. Of the 2,934,575 shares issued, 2,619,575 shares are held in abeyance and not considered outstanding until certain conditions are met, at which time such shares will become outstanding. The balance of the shares in abeyance will be held in abeyance until notice from the stock holder that the balance, or a portion thereof, may be issued in compliance with beneficial limitation provision in the warrants.

While we have evaluated and continue to evaluate our operating expenses and concentrate our resources toward the successful commercialization of ContraPest fertility control products in the United States, additional financing will be needed before achieving anticipated revenue targets and margin targets. If we are unable to raise necessary capital through the sale of our securities, we may be required to take other measures that could impair our ability to be successful and operate as a going concern. In any event, additional capital is needed in order to fund our operating losses and research and development activities before we become profitable. We may never achieve profitability or generate positive cash flows, and unless and until we do, we will continue to need to raise capital through equity or debt financing. If such equity or debt financing is not available at adequate levels or on acceptable terms, we may need to delay, limit or terminate commercialization and development efforts or discontinue operations.

Results of Operations

The following table summarizes our results of operations for the periods presented (in thousands):

		Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	% Increase (Decrease)		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022	% Increase (Decrease)	
Revenues, net	Revenues, net	$ 305	$ 277	10	%	$ 538	$ 472	14	%
Cost of sales	Cost of sales	163	141	16	%	304	246	24	%
Gross profit	Gross profit	142	136	4	%	234	226	4	%
Operating expenses:	Operating expenses:								
Research and development	Research and development	381	431	(12)	%	768	947	(19)	%
Selling, general and administrative	Selling, general and administrative	1,761	2,277	(23)	%	3,511	4,184	(16)	%
Total operating expenses	Total operating expenses	2,142	2,708	(21)	%	4,279	5,131	(17)	%
Loss from operations	Loss from operations	(2,000)	(2,572)	(22)	%	(4,045)	(4,905)	(18)	%
Other income, net		7	3	133	%	15	4	275	%
Other income (expense), net									
Net loss	**Net loss**	$(1,993)	$(2,569)	(22)	%	$(4,030)	$(4,901)	(18)	%

	Three Months Ended September 30, 2022		% Increase (Decrease) 2023		Nine Months Ended September 30, 2022		% Increase (Decrease	
Revenues, net	$ 360	$ 250	44	%	$ 898	$ 722	24	%
Cost of sales	184	128	44	%	488	374	30	%
Gross profit	176	122	44	%	410	348	18	%
Operating expenses:								
Research and development	379	452	(16)	%	1,147	1,399	(18)	%
Selling, general and administrative	1,748	2,289	(24)	%	5,259	6,473	(19)	%
Total operating expenses	2,127	2,741	(22)	%	6,406	7,872	(19)	%
Loss from operations	(1,951)	(2,619)	(26)	%	(5,996)	(7,524)	(20)	%
Other income (expense), net	4	(27)	(115)	%	19	(23)	(183)	%
Net loss	$(1,947)	$(2,646)	(26)	%	$(5,977)	$(7,547)	(21)	%

Revenues

Sales, net of sales discounts and promotions, were $305,000 $360,000 for the second third quarter of 2023, compared to $277,000 $250,000 for the second third quarter of 2022. Sales increased by $28,000, $110,000, due to continued focus on our internet sales initiatives, augmenting our existing pull through sales strategy, where demand from the consumer market encourages, or pulls, resellers and pest management professionals to offer our products, as well as enhanced strategic partnerships and collaborations with key distributors and PMPs. In particular, we saw increased sales activity from our field sales team, as we continue to optimize our sales organization. The higher sales was primarily due to an increase in the number of product units sold, including our Elevate Bait SystemTM, which was launched in June 2022.

2022, and, most recently, our Isolate Bait SystemTM, which was launched in August 2023.

For the six nine months ended June 30, 2023 September 30, 2023, sales were $538,000, $898,000, compared to $472,000 $722,000 for the six nine months ended June 30, 2022 September 30, 2022. The $66,000 $176,000 increase was primarily due to an increase in the number of units sold, including our Elevate Bait System product offering. offering, and, most recently, our Isolate Bait System, which was launched in August 2023.

Cost of Sales

Cost of sales consisted primarily of the cost of products sold, including scrap and reserves for obsolescence, and was $163,000, $184,000, or 53.6% 51.2% of net sales, for the second third quarter of 2023, compared to $141,000, $128,000, or 50.9% 51.2% of net sales, for the second quarter of 2022. We have experienced an increase in the cost of certain product components in 2023, and when combined with changes in the underlying mix of products sold, our cost of sales as a percent of sales for the second quarter of 2023 is higher when compared with the second third quarter of 2022.

For the six nine months ended June 30, 2023 September 30, 2023, cost of sales was $304,000, $488,000, or 56.5% 54.4% of net sales, compared to $246,000, $374,000, or 52.1% 51.8% of net sales, for the six nine months ended June 30, 2022 September 30, 2022. The higher cost of sales as a percentage of net sales was driven by the scrapping of defective trays no longer used in our products in the first quarter of 2023, which totaled $42,000.

Gross Profit

Gross profit for the second third quarter of 2023 was $142,000, $176,000, for a gross profit margin of 46.4% 48.8%, compared to a gross profit of $136,000, $122,000, or a gross profit margin of 49.1% 48.8%, for the second third quarter of 2022.

For the six nine months ended June 30, 2023 September 30, 2023, gross profit was $234,000, $410,000, for a gross profit margin of 43.5% 45.6%, compared to $226,000, $348,000, gross profit margin of 47.9% 48.2%, for the six nine months ended June 30, 2022 September 30, 2022. The lower gross profit margin was the driven by the effects of scrapping defective tanks during no longer used in our products. Excluding the cost associated with the scrapped inventory, gross profit margin was 51.3% 50.3% for the six nine months ended June 30, 2023 September 30, 2023.

Research and Development Expenses

Research and development expenses consisted of the following (in thousands):

		Three Months Ended June 30, 2023	2022	Increase (Decrease)	Six Months Ended June 30, 2023	2022	Increase (Decrease)		Three Months Ended September 30, 2022	2023	Increase (Decrease)	Nine Months Ended September 30, 2022	2023	Increase (Decrease)
Personnel (including stock-based compensation)	Personnel (including stock-based compensation)	$214	$262	$ (48)	$456	$503	$ (47)	Personnel (including stock-based compensation)	$ 231	$284	$ (53)	$ 687	$ 787	$ (100)
Professional fees	Professional fees	34	58	(24)	78	148	(70)	Professional fees	34	68	(34)	112	216	(104)
Depreciation	Depreciation	28	33	(5)	56	79	(23)	Depreciation	28	24	4	84	103	(19)
Facilities	Facilities	25	27	(2)	51	53	(2)	Facilities	28	29	(1)	79	82	(3)
Other	Other	80	51	29	127	164	(37)	Other	58	47	11	185	211	(26)
Total	Total	$381	$431	$ (50)	$768	$947	$ (179)	Total	$ 379	$452	$ (73)	$1,147	$1,399	$ (252)

Research and development expenses were $381,000 $379,000 for the second third quarter of 2023, compared to $431,000 $452,000 for the second third quarter of 2022. The $50,000 $73,000 decrease was primarily due to lower headcount and consulting and legal fees required for research and development purposes. Such decreases were partially offset by higher expenses related to field and product improvement studies resulting from the completion of a stability study in the second quarter of 2023.

For the six nine months ended June 30, 2023 September 30, 2023, research and development expenses were $768,000, $1,147,000, compared to $947,000 $1,399,000 for the six nine months ended June 30, 2022 September 30, 2022. The $179,000 $252,000 decrease was primarily due to lower headcount, consulting and legal fees required for research and development purposes, lower depreciation as several assets became fully depreciated in 2023 and lower expenses overall related to field and product improvement studies.

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In 2022, we incurred costs related to product improvement and continue into 2023 using the results from those studies for product development.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consisted of the following (in thousands):

		Three Months Ended June 30, 2023	2022	Increase (Decrease)	Six Months Ended June 30, 2023	2022	Increase (Decrease)		Three Months Ended September 30, 2022	2023	Increase (Decrease)	Nine Months Ended September 30, 2022	2023	(I
Personnel (including stock-based compensation)	Personnel (including stock-based compensation)	$ 890	$1,115	$ (225)	$1,793	$2,185	$ (392)	Personnel (including stock-based compensation)	$ 880	$ 952	$ (72)	$2,673	$3,137	$
Professional fees	Professional fees	419	464	(45)	871	900	(29)	Professional fees	365	639	(274)	1,236	1,539	
Insurance	Insurance	93	145	(52)	179	311	(132)	Insurance	121	143	(22)	299	454	
Marketing								Marketing	81	261	(180)	199	506	
Travel and entertainment	Travel and entertainment	53	60	(7)	127	106	21	Travel and entertainment	53	46	7	180	152	
Office supplies/IT		65	86	(21)	136	169	(33)							
Marketing		63	225	(162)	117	245	(128)							
Facilities	Facilities	39	39	—	77	78	(1)	Facilities	39	38	1	116	116	

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Other	Other	139	143		(4)	211	190		21	Other	209	210		(1)	556	569
Total	Total	$1,761	$2,277	$	(516)	$3,511	$4,184	$	(673)	Total	$1,748	$2,289	$	(541)	$5,259	$6,473	$

Selling, general and administrative expenses were $1.8 million $1.7 million for the second third quarter of 2023, as compared to $2.3 million for the second third quarter of 2022. The decrease of $516,000 $541,000 was primarily due to lower personnel-related expenses, both lower stock-based compensation consulting and lower headcount, legal fees required for general corporate purposes largely due to higher legal fees incurred in the third quarter of 2022 and lower marketing costs resulting from changes in our overall marketing program. See Note 9 in our Notes to Condensed Financial Statements for a discussion of our legal matter. Additionally, insurance is personnel-related expenses were lower as well as consulting due to lower headcount and legal fees required for general corporate purposes. stock-based compensation.

For the six nine months ended June 30, 2023 September 30, 2023, selling, general and administrative expenses were $3.5 million $5.3 million, compared to $4.2 million $6.5 million for the six nine months ended June 30, 2022 September 30, 2022. The $673,000 $1,214,000 decrease was primarily due to lower personnel-related expenses resulting from both lower stock-based compensation and lower headcount, lower insurance and lower marketing costs resulting from changes in our overall marketing program. Additionally, program, and lower consulting and legal fees required for general corporate purposes largely due to higher legal fees incurred in the third quarter of 2022 related to our outstanding legal matter. Additionally, insurance is lower than the comparable period of 2022. 2022 resulting from both policy and rate changes. These decreases were partially offset by an increase in travel and entertainment costs related to increased sales-related activities.

Other Income, Net

Other income for the second third quarter of 2023 consisted of interest income, which was $6,000 $3,000 higher than the second third quarter of 2022 due to higher interest rates of the comparable periods. Additionally, we had miscellaneous income of $2,000 for the second third quarter of 2022 related to included a $28,000 loss on the sale of certain assets. property and equipment.

For the six nine months ended June 30, 2023 September 30, 2023, other income, net, consisted of interest income, which was $12,000 $15,000 higher than the six nine months ended June 30, 2022 September 30, 2022 due to higher interest rates of the comparable periods. Additionally, for the six nine months ended June 30, 2022, we had September 30, 2022 included $1,000 of interest expense of $1,000 related to certain notes payable and finance leases that expired in 2022, and miscellaneous income of $2,000 related to a $28,000 loss on the sale of certain assets. property and equipment and $2,000 of miscellaneous income.

Liquidity and Capital Resources

Liquidity

Since our inception, we have sustained significant operating losses in the course of our research and development activities and commercialization efforts and expect such losses to continue for the near future. We have generated limited revenue to date from product sales, research grants and licensing fees received under a former license. We have primarily funded our operations to date through the sale of equity securities, including convertible preferred stock, common stock and warrants to purchase common stock; and debt financing, consisting primarily of convertible notes.

Through June 30, 2023 September 30, 2023, we have received net proceeds of $94.8 million $96.6 million from our sales of common stock, preferred stock and warrant exercises and issuance of convertible and other promissory notes, an aggregate of $3.0 million $3.4 million in net product

sales and an aggregate of $1.7 million from licensing fees. As of June 30, 2023 September 30, 2023, we had an accumulated deficit of $126.2 million $128.2 million and cash and cash equivalents of $2.2 million $2.1 million.

Our ultimate success depends upon the outcome of a combination of factors, including the following: (i) successful commercialization of ContraPest our fertility control products and maintaining and obtaining regulatory approval of our products and product candidates; (ii) market acceptance, commercial viability and profitability of ContraPest our fertility control products and other products; (iii) the ability to market our products and establish an effective sales force and marketing infrastructure to generate significant revenue; (iv) the success of our research and development activities; (v) the ability to retain and attract key personnel to develop, operate and grow our business; and (vi) our ability to meet our working capital needs.

Based upon our current operating plan, we expect that cash and cash equivalents at June 30, 2023 September 30, 2023, in combination with anticipated revenue and any additional sales of our equity securities, will be sufficient to fund our current operations for at least the next three months. We have evaluated and will continue to evaluate our operating expenses and will concentrate our resources toward the successful commercialization of ContraPest our fertility control products in the United States. However, if anticipated revenue targets and margin targets are not achieved or expenses are more than we have budgeted, we may need to raise additional financing before that time. If we need more financing, including within the next three months, and we are unable to raise the necessary capital through the sale of our securities, we may be required to take other measures that could impair our ability to be successful and operate as a going concern. In any event, we may require additional capital in order to fund our operating losses and research and development activities before we become profitable and may opportunistically raise capital. We may never achieve profitability or generate positive cash flows, and unless and until we do, we will continue to need to raise capital through equity or debt financing. If such equity or debt financing is not available at adequate levels or on acceptable terms, we may need to delay, limit or terminate commercialization and development efforts or discontinue operations.

Additional Funding Requirements

We expect our expenses to continue or increase in connection with our ongoing activities, particularly as we focus on marketing and sales of ContraPest. fertility control products. In addition, we will continue to incur costs associated with operating as a public company.

In particular, we expect to incur substantial and increased expenses as we:

- work to maximize market acceptance for, and generate sales of, our products, including by conducting field demonstrations for potential lead customers;
- explore strategic partnerships to enable us to penetrate additional target markets and geographical locations;
- manage the infrastructure for sales, marketing and distribution of ContraPest fertility control products and any other product candidates for which we may receive regulatory approval;
- seek additional regulatory approvals for ContraPest, fertility control products, including to more fully expand the market and use for ContraPest fertility control products and, if we believe there is commercial viability, for our other product candidates;
- further develop our manufacturing processes to contain costs while being able to scale to meet future demand of ContraPest fertility control products and any other product candidates for which we receive regulatory approval;
- continue product development of ContraPest fertility control products and advance our research and development activities and, as our operating budget permits, advance the research and development programs for other product candidates;
- maintain and protect our intellectual property portfolio; and
- add operational, financial and management information systems and personnel, including personnel to support our product development and commercialization efforts and operations as a public company.

We will need additional financing to fund these continuing and additional expenses.

Capital Resources

The following table summarizes our sources and uses of cash for each of the periods presented (in thousands):

		Six Months Ended June 30,			**Nine Months Ended September 30,**	
		2023	**2022**		**2023**	**2022**
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	$ 4,775	$ 9,326	Cash and cash equivalents, beginning of period	$ 4,775	$ 9,326
Net cash provided by (used in):	Net cash provided by (used in):			Net cash provided by (used in):		
Operating activities	Operating activities	(3,757)	(4,148)	Operating activities	(5,547)	(6,339)
Investing activities	Investing activities	(21)	(146)	Investing activities	(114)	(163)
Financing activities	Financing activities	1,199	(32)	Financing activities	3,031	(32)
Decrease in cash and cash equivalents	Decrease in cash and cash equivalents	(2,579)	(4,326)	Decrease in cash and cash equivalents	(2,630)	(6,534)
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	$ 2,196	$ 5,000	Cash and cash equivalents, end of period	$ 2,145	$ 2,792

Cash Flows from Operating Activities—Cash flows from operating activities are generally determined by the amount and timing of cash received from customers and payments made to vendors, as well as the nature and amount of non-cash items, including depreciation and amortization and stock-based compensation included in operating results during a given period.

During the six nine months ended June 30, 2023 September 30, 2023, operating activities used $3.8 million $5.5 million of cash, resulting from our net loss of $4.0 million $6.0 million and net changes in our operating assets and liabilities of $130,000, $137,000, partially offset by net non-cash charges of $403,000, $567,000, consisting primarily of stock-based compensation and depreciation and amortization expense. Our net loss was driven by costs related to our selling, general and administrative activities resulting from our continued efforts to commercialize our products, combined with research and development costs. Net cash used by changes in our operating assets and liabilities consisted primarily of a net decrease in accounts payable and accrued expenses of $359,000, $282,000 and deferred revenue of $29,000 and an increase in prepaid expenses of $7,000, partially offset by decreases in prepaid expenses of $92,000, inventory of $88,000, $150,000 and accounts receivable of $71,000. $34,000.

During the six nine months ended June 30, 2022 September 30, 2022, operating activities used $4.1 million $6.3 million of cash, resulting from our net loss of $4.9 million $7.5 million, partially offset by net changes in our operating assets and liabilities of $198,000 $457,000 and by non-cash charges of $555,000, $751,000, consisting primarily of stock-based compensation, and depreciation and amortization expense. expense and loss on sale of property and equipment. Our net loss was driven by costs related to our selling, general and administrative activities resulting from our efforts to commercialize our products, combined with our research and development costs. Net cash provided by changes in our operating assets and liabilities consisted of a net decrease decreases in accounts payable and accrued expenses of $259,000, a decrease in $551,000 and deferred revenue of $41,000 $48,000 and an increase in inventory of $25,000, $48,000, partially offset by increases in prepaid expenses of $108,000 $174,000 and accounts receivable of $19,000. $16,000.

Cash Flows from Investing Activities—Cash flows used in investing activities primarily consist of the purchase of property and equipment, offset by any proceeds received in connection with sales of property and equipment. During the six nine months ended June 30, 2023 September 30, 2023 and 2022, cash flows used in investing activities consisted of property and equipment purchases purchases. During the nine months ended September 30, 2022, net cash used in investing also included proceeds received from the sale of $21,000 property and $146,000, respectively. equipment of $4,000.

Cash Flows from Financing Activities—Financing activities provide cash for both day-to-day operations and capital requirements as needed. During the six nine months ended June 30, 2023 September 30, 2023, net cash used in provided by financing activities consisted of net proceeds of $1.2 million $3.0 million from the issuance issuances of common stock and $44,000 from the financing of certain equipment, slightly offset by the payment of employee withholding taxes of $11,000. During the six nine months ended June 30, 2022 September 30, 2022, net cash used in financing activities consisted of repayments of notes payable and finance lease obligations of $32,000.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates as previously disclosed in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 17, 2023.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We periodically conduct evaluations (pursuant to Rule 13a-15(b) of the Exchange Act), under the supervision and with the participation of management, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e)) as of the end of the period covered by this report.

These disclosure controls and procedures are designed to ensure that information required to be disclosed in our reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that this information is accumulated and communicated to management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Based on the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this quarterly report 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

For information regarding legal proceedings in which we are involved, see Note 9 - Contingencies under the subsection titled “Legal Proceedings” in our Notes to Condensed Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to our risk factors set forth in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the SEC on March 17, 2023.

Item 5. Other Information

During the quarter ended June 30, 2023 September 30, 2023, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
4.28* 4.33*	Form of Series C Warrant New Warrants (Form 8-K filed April 12, 2023 August 22, 2023, Exhibit 4.28 4.33 (File no. 001-37941)).
4.29* 10.29*	Form of Series Placement Agent Warrant Inducement Letter (Form 8-K filed April 12, 2023 August 22, 2023, Exhibit 4.29 (File no. 001-37941)).
10.26*	Form of Securities Purchase Agreement (Form 8-K filed April 12, 2023, Exhibit 10.26 (File no. 001-37941)).
10.27*	Separation Agreement between SenesTech, Inc. and Nicole Williams dated April 21, 2023 (Form 8-K filed April 24, 2023, Exhibit 10.27 (File no. 001-37941)).
10.28*	SenesTech, Inc. 2018 Equity Incentive Plan, as amended (Form 8-K filed June 27, 2023, Exhibit 10.28 10.29 (File no. 001-37941)).
31.1	Rule 13a-14(a)/15d-14(a) Certification Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification Certification of Chief Financial Officer.
32.1	Section 1350 Certification Certification of Chief Executive Officer.
32.2	Section 1350 Certification Certification of Chief Financial Officer.
101.INS	Inline XBRL Instance 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).

* Incorporated by reference as indicated.

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.

SENESTECH, INC.

Date: August 10, 2023 November 9, 2023	By:	/s/ Joel L. Fruendt
		Joel L. Fruendt
		President and Chief Executive Officer
Date: August 10, 2023 November 9, 2023	By:	/s/ Thomas C. Chesterman
		Thomas C. Chesterman
		Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13(a)-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Joel L. Fruendt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SenesTech, Inc.;

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

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

4. The registrant's other certifying officer(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.

Dated: August 10, 2023 November 9, 2023

/s/ Joel L. Fruendt

Joel L. Fruendt

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13(a)-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Thomas C. Chesterman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SenesTech, Inc.;

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

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

4. The registrant's other certifying officer(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.

Dated: August 10, 2023 November 9, 2023

/s/ Thomas C. Chesterman

Thomas C. Chesterman

Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Exhibit 32.1

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Joel L. Fruendt, President and Chief Executive Officer of SenesTech, Inc., certify that:

1. To my knowledge, the Quarterly Report on Form 10-Q of SenesTech, Inc. for the fiscal quarter ended June 30, 2023 September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SenesTech, Inc.

Dated: August 10, 2023 November 9, 2023

/s/ Joel L. Fruendt

Joel L. Fruendt

President and Chief Executive Officer

This certification accompanies the Quarterly Report on 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 SenesTech, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Thomas C. Chesterman, Chief Financial Officer, Treasurer and Secretary of SenesTech, Inc., certify that:

1. To my knowledge, the Quarterly Report on Form 10-Q of SenesTech, Inc. for the fiscal quarter ended June 30, 2023 September 30, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of SenesTech, Inc.

Dated: August 10, 2023 November 9, 2023

/s/ Thomas C. Chesterman

Thomas C. Chesterman

Executive Vice President, Chief Financial Officer, Treasurer and Secretary

This certification accompanies the Quarterly Report on 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 SenesTech, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Quarterly Report on Form 10-Q), irrespective of any general incorporation language contained in such filing.

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