

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

**May 14, 2024
Date of Report (date of earliest event reported)**

**Asensus Surgical, Inc.
(Exact name of Registrant as specified in its charter)**

**Delaware
(State or other jurisdiction of
incorporation or organization)**

**0-19437
(Commission
File Number)**

**11-2962080
(I.R.S. Employer
Identification Number)**

**1 TW Alexander Drive, Suite 160
Durham, NC 27703
(Address of principal executive offices)
919-765-8400
(Registrant's telephone number, including area code)**

**Not Applicable
(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock \$0.001 par value per share	ASXC	NYSE American

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition

On May 14, 2024, Asensus Surgical, Inc., a Delaware corporation (the “Company”), issued a press release announcing its financial results for the first quarter ended March 31, 2024. A copy of the press release is furnished herewith as Exhibit 99.1.

Also on May 14, 2024, following the issuance of the press release referred to above, the Company conducted a conference call to discuss the reported operating and financial results for the first quarter ended March 31, 2024. The Company had issued a press release on May 7, 2024 to announce the scheduling of the conference call. A copy of the transcript of the conference call is furnished herewith as Exhibit 99.2.

The information included herein and in Exhibits 99.1 and 99.2 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (“Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibit

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated May 14, 2024
99.2	Conference Call Transcript
104	Cover Page Interactive Data File (formatted in inline XBRL)

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.

ASENSUS SURGICAL, INC.

Date: May 15, 2024

/s/ Shameze Rampertab

Shameze Rampertab

Executive Vice President and Chief Financial Officer

Asensus Surgical, Inc. Reports Operating and Financial Results for the First Quarter 2024

RESEARCH TRIANGLE PARK, N.C.-- May 14, 2024 --(GLOBE NEWSWIRE) Asensus Surgical, Inc. (NYSE American: ASXC), a global leader of innovative digital solutions for the operating room, announced its operating and financial results for the first quarter 2024.

Recent Highlights

- Announced non-binding acquisition proposal and exclusivity arrangement with KARL STORZ SE & Co. KG (KARL STORZ)
- KARL STORZ to provide up to \$20 million in financing
- Nearly 900 procedures performed globally during the quarter
- One Senhance® Surgical Program initiation year-to-date
- First quarter revenue of \$1.1 million
- The Company had cash and cash equivalents and short-term investments, excluding restricted cash, of approximately \$8.0 million at March 31, 2024

"In the first quarter, we made steady progress in the continued adoption and utilization of Senhance and the ISU, as well as the development of the LUNA™ Surgical System," said Anthony Fernando, Asensus Surgical President and CEO. "We also recently announced a potential acquisition by KARL STORZ, which we believe could accelerate our mission to transform the way surgery is performed on a global scale. Looking to the balance of 2024, our team remains focused on goals and milestones for LUNA and the negotiation of a definitive merger agreement with KARL STORZ, which we hope will lead to a completed transaction."

Upcoming 2024 Milestones

For the full year 2024, the Company expects:

- To initiate 8 - 10 new Senhance programs
- Procedure volume growth of 15% to 20% over 2023
- Achieve design freeze for the LUNA Surgical System
- Verification and validation testing, and pilot manufacturing for the LUNA Surgical System

Non-Binding Acquisition Proposal and Exclusivity Arrangement with KARL STORZ

In April, the Company announced a non-binding letter of intent with KARL STORZ, a global medical technology company, regarding a potential acquisition. KARL STORZ proposed to acquire 100% of Asensus' outstanding shares for \$0.35 per share in cash. During an exclusivity period of up to ten weeks, KARL STORZ will conduct due diligence, and the parties will negotiate a definitive merger agreement. Asensus entered into a secured loan of up to \$20 million from KARL STORZ to support operations during the exclusivity period and potential transaction process. This loan will provide up to \$10 million of liquidity during the exclusivity period. As of today the Company has drawn the first \$7 million of the initial \$10 million tranche of the loan which has provided liquidity for operations. If a definitive merger agreement is successfully negotiated and executed, additional funding in an aggregate amount of up to \$10 million will be available under the loan to fund operations while the Company pursues stockholder approval. If a definitive merger agreement is reached and approved by Asensus' stockholders, and all other closing conditions are met, the Company will be acquired by KARL STORZ and cease to be publicly traded.

Market Development

Procedure Volumes

In the first quarter of 2024, surgeons performed nearly 900 procedures utilizing the Senhance System. These procedures included general surgery, gynecology, urology, colorectal, pediatric, and bariatric surgical cases.

2024 Senhance Program Initiations

Year to date, the Company initiated one new Senhance Surgical System placement at Sendai Tokushukai Hospital in Japan.

Clinical Registry (TRUST)

The Company continues to leverage its growing body of real-world clinical data through the utilization of its TRUST™ clinical registry. The Company believes TRUST is the largest multi-specialty robotic-assisted laparoscopic registry in the industry, with approximately 3,500 patients enrolled to date, a 45% increase from first quarter 2023.

Clinical Validation

Year to date, there were 6 peer-reviewed clinical papers published providing further support for the clinical utility of the Senhance System across a variety of surgical specialties. These papers, along with a library of similar papers, can be found on the Company's website:

<https://www.asensus.com/resources/clinical-publications>

First Quarter Financial Results

For the three months ended March 31, 2024, the Company reported revenue of \$1.1 million as compared to revenue of \$1.0 million in the three months ended March 31, 2023. Revenue in the first quarter of 2024 included \$0.5 million in lease revenue, \$0.3 million in instruments and accessories, and \$0.3 million in services.

For the three months ended March 31, 2024, total operating expenses were \$22.7 million, as compared to \$20.4 million, in the three months ended March 31, 2023.

For the three months ended March 31, 2024, net loss was \$22.5 million, or \$0.08 per share, as compared to a net loss of \$22.2 million, or \$0.09 per share, in the three months ended March 31, 2023.

Adjusted net loss is a non-GAAP financial measure. See the reconciliation of GAAP to Non-GAAP Measures below. For the three months ended March 31, 2024, the adjusted net loss was \$18.0 million, or \$0.07 per share, as compared to an adjusted net loss of \$22.0 million, or \$0.09 per share in the three months ended March 31, 2023, after adjusting for the following charges: amortization of intangible assets, change in fair value of contingent consideration, and change in fair value of warrant liabilities, all of which are non-cash charges.

Balance Sheet Updates

The Company had cash, cash equivalents and short-term investments, excluding restricted cash of approximately \$8.0 million as of March 31, 2024.

Conference Call

To listen to the conference call on your telephone, please dial 1-888-886-7786 for domestic callers and 416-764-8658 for international callers, approximately ten minutes prior to the start time. To access the live audio webcast or archived recording, use the following link <https://ir.asensus.com/events-and-presentations>. The replay will be available on the Company's website.

About Asensus Surgical, Inc.

Asensus Surgical is revolutionizing surgery with the first intra-operative Augmented Intelligence technology approved for use in operating rooms around the world. Recognized as an award-winning leader in digital technology, Asensus is committed to making surgery more accessible and predictable while delivering consistently superior outcomes. The Company's novel approach to digitizing laparoscopy has led to system placements globally. Led by engineers, medical professionals, and industry luminaries, Asensus is powered by human ingenuity and driven by collaboration. To learn more about the Senhance® Surgical System and the new LUNA™ System in development, visit www.asensus.com.

Follow Asensus

Email Alerts: <https://ir.asensus.com/email-alerts>

LinkedIn: <https://www.linkedin.com/company/asensus-surgical-inc/>

X: <https://twitter.com/AsensusSurgical>

YouTube: <https://www.youtube.com/@AsensusSurgical>

Forward-Looking Statements

This press release includes statements relating to Asensus Surgical, and our 2024 first quarter results, and of the potential acquisition transaction with KARL STORZ (the "Potential Acquisition"). These statements and other statements regarding our future plans and goals constitute "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that are often difficult to predict, are beyond our control and which may cause results to differ materially from expectations and include whether we will be able to meet our milestones for the year, including the initiation of 8-10 new Senhance programs, 15% to 20% procedure volume growth over the full year 2023, active design freeze for the LUNA Surgical System, and verification and validation testing and pilot manufacturing for the LUNA Surgical System; whether the Potential Acquisition by KARL STORZ will occur, the results of the due diligence investigation by KARL STORZ, the possibility that KARL STORZ will terminate the exclusivity period, whether the parties will successfully negotiate and enter into a definitive merger agreement and, if so, whether it will be approved, the risk that the terms of the definitive agreement may not be as favorable to the Company's stockholders as proposed in the letter of intent, including the purchase price, the timing of execution of such agreement, the availability and sufficiency for funding the Company's near-term operations of up to \$20 million available under the secured promissory note (the "Note"), if received, and whether the Company will be able to repay the Note if the Potential Acquisition is not consummated. For a discussion of the risks and uncertainties associated with the Company's business, please review our filings with the Securities and Exchange Commission (SEC). You are cautioned not to place undue reliance on these forward-looking statements, which are based on our expectations as of the date of this press release and speak only as of the origination date of this press release. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Asensus Surgical, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
Revenue:		
Product	\$ 313	\$ 293
Service	285	195
Lease	525	488
Total revenue	<u>1,123</u>	<u>976</u>
Cost of revenue:		
Product	1,681	1,225
Service	452	749
Lease	923	973
Total cost of revenue	<u>3,056</u>	<u>2,947</u>
Gross loss	<u>(1,933)</u>	<u>(1,971)</u>
Operating expenses:		
Research and development	8,091	10,139
Sales and marketing	3,642	4,553
General and administrative	4,374	5,468
Amortization of intangible assets	114	112
Change in fair value of contingent consideration	6,480	105
Total operating expenses	<u>22,701</u>	<u>20,377</u>
Operating loss	<u>(24,634)</u>	<u>(22,348)</u>
Other income (expense), net:		
Change in fair value of warrant liabilities	2,116	—
Interest income	126	439
Other expense, net	(59)	(218)
Total other income (expense), net	<u>2,183</u>	<u>221</u>
Loss before income taxes	<u>(22,451)</u>	<u>(22,127)</u>
Income tax expense	(46)	(91)
Net loss	<u>(22,497)</u>	<u>(22,218)</u>
Comprehensive loss:		
Net loss	(22,497)	(22,218)
Foreign currency translation (loss) gain	(494)	550
Unrealized gain on available-for-sale investments	8	307
Comprehensive loss	<u>\$ (22,983)</u>	<u>\$ (21,361)</u>
Net loss per common share attributable to common stockholders – basic and diluted	\$ (0.08)	\$ (0.09)
Weighted average number of shares used in computing net loss per common share – basic and diluted	269,265	238,280

Asensus Surgical, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share amounts)
(Unaudited)

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,995	\$ 17,096
Short-term investments, available-for-sale	994	3,971
Accounts receivable, net	675	3,508
Inventories	5,958	7,172
Prepaid expenses	3,314	3,143
Other current assets	1,312	1,496
Total Current Assets	<u>19,248</u>	<u>36,386</u>
Restricted cash	1,483	1,642
Inventories, net of current portion	3,954	4,043
Property and equipment, net	8,630	8,959
Intellectual property, net	1,114	1,237
Net deferred tax assets	37	44
Operating lease right-of-use assets, net	4,926	5,165
Other long-term assets	1,422	1,610
Total Assets	<u>\$ 40,814</u>	<u>\$ 59,086</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 4,036	\$ 4,145
Accrued employee compensation and benefits	3,814	5,390
Accrued expenses and other current liabilities	1,243	1,636
Contingent consideration, current	8,700	—
Operating lease liabilities, current	1,056	1,036
Deferred revenue	439	421
Total Current Liabilities	<u>19,288</u>	<u>12,628</u>
Long-Term Liabilities:		
Deferred revenue – less current portion	330	290
Contingent consideration	—	2,220
Warrant liabilities	3,772	5,888
Noncurrent operating lease liabilities	4,400	4,646
Total Liabilities	<u>27,790</u>	<u>25,672</u>
Commitments and Contingencies		
Stockholders' Equity		
Common stock \$0.001 par value, 750,000,000 shares authorized at March 31, 2024 and December 31, 2023; 271,986,369 and 264,921,526 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	272	265
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	975,715	973,129
Accumulated deficit	(961,865)	(939,368)
Accumulated other comprehensive income	(1,098)	(612)
Total Stockholders' Equity	<u>13,024</u>	<u>33,414</u>
Total Liabilities and Stockholders' Equity	<u>\$ 40,814</u>	<u>\$ 59,086</u>

Asensus Surgical, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Operating Activities:		
Net loss	\$ (22,497)	\$ (22,218)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Depreciation	841	813
Amortization of intangible assets	114	112
Accretion of discounts and premiums on investments, net	(15)	(89)
Stock-based compensation	1,745	1,916
Deferred tax expense	—	91
Bad debt expense	(2)	—
Change in inventory reserves	959	(374)
Change in fair value of warrant liabilities	(2,116)	—
Change in fair value of contingent consideration	6,480	105
Changes in operating assets and liabilities:		
Accounts receivable	2,776	1,607
Inventories	(559)	203
Operating lease right-of-use assets	177	187
Prepaid expenses	(183)	250
Other current and long-term assets	313	(27)
Accounts payable	(74)	1,608
Accrued employee compensation and benefits	(1,523)	(1,120)
Accrued expenses and other current liabilities	(359)	(93)
Deferred revenue	73	(13)
Operating lease liabilities	(158)	(206)
Net cash and cash equivalents used in operating activities	<u>(14,008)</u>	<u>(17,248)</u>
Investing Activities:		
Purchase of available-for-sale investments	—	(2,949)
Proceeds from maturities of available-for-sale investments	3,000	32,750
Purchase of property and equipment	—	(64)
Net cash and cash equivalents provided by investing activities	<u>3,000</u>	<u>29,737</u>
Financing Activities:		
Proceeds from issuance of common stock, net of issuance costs	982	—
Taxes paid related to net share settlement of vesting of restricted stock units	(171)	(488)
Proceeds from exercise of stock options	—	5
Net cash and cash equivalents provided by (used in) financing activities	<u>811</u>	<u>(483)</u>
Effect of exchange rate changes on cash and cash equivalents	(63)	403
Net (decrease) increase in cash, cash equivalents and restricted cash	(10,260)	12,409
Cash, cash equivalents and restricted cash, beginning of period	18,738	7,470
Cash, cash equivalents and restricted cash, end of period	<u>\$ 8,478</u>	<u>\$ 19,879</u>
Supplemental Disclosure for Cash Flow Information:		
Cash paid for leases	\$ 351	\$ 330
Cash paid for taxes	\$ 87	\$ 190
Supplemental Schedule of Non-cash Investing and Financing Activities:		
Transfer of inventories to property and equipment	\$ 630	\$ 112
Lease liabilities arising from obtaining right-of-use assets	\$ 72	\$ 45

Asensus Surgical, Inc.
Reconciliation of Non-GAAP Measures
Adjusted Net Loss and Net Loss per Share
(in thousands except per share amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2024	2023
Net loss attributable to common stockholders (GAAP)	\$ (22,497)	\$ (22,218)
Adjustments		
Amortization of intangible assets (a)	114	112
Change in fair value of contingent consideration (b)	6,480	105
Change in fair value of warrant liabilities (c)	(2,116)	—
Adjusted net loss attributable to common stockholders (Non-GAAP)	<u>\$ (18,019)</u>	<u>\$ (22,001)</u>

	Three Months Ended	
	March 31,	
	2024	2023
Net loss per share attributable to common stockholders (GAAP)	\$ (0.08)	\$ (0.09)
Adjustments		
Amortization of intangible assets (a)	—	—
Change in fair value of contingent consideration (b)	0.02	—
Change in fair value of warrant liabilities (c)	(0.01)	—
Adjusted net loss per share attributable to common stockholders (Non-GAAP)	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>

The non-GAAP financial measures for the three months ended March 31, 2024 and 2023, provide management with additional insight into the Company's results of operations from period to period without non-cash charges, and are calculated using the following adjustments:

- a) Intangible assets that are amortized consist of developed technology and purchased patent rights recorded at cost and amortized over 7 to 10 years.
- b) Contingent consideration in connection with the acquisition of the Senhance System in 2015 is recorded as a liability and is the estimate of the fair value of potential milestone payments related to business acquisitions. Contingent consideration is measured at fair value using a probability of occurrence related to a non-binding letter of intent with KARL STORZ SE & Co. KG for a potential acquisition of the Company and a Monte-Carlo simulation utilizing significant unobservable inputs including the probability of achieving each of the potential milestones, revenue volatility, EURO to USD exchange rate, and an estimated discount rate associated with the risks of the expected cash flows attributable to the various milestones. Significant increases or decreases in any of the probabilities of success or changes in expected timelines for achievement of any of these milestones would result in a significantly higher or lower fair value of these milestones, respectively, and commensurate changes to the associated liability. The contingent consideration is revalued at each reporting period and changes in fair value are recognized in the consolidated statements of operations and comprehensive loss.
- c) The Company recorded warrant liabilities related to common stock warrants issued in the registered direct offering in July 2023.

Warrant liabilities were recorded at their initial estimated fair value. Adjustments associated with changes in fair value of the warrant liabilities are included in the Company's consolidated statements of operations and comprehensive loss.

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ASXC First Quarter 2024 Earnings Call Transcript
May 14, 2024

Forward Looking Statements - Mark Klausner

Good afternoon, everyone, and thank you for joining us for the Asensus Surgical first quarter business and financial update conference call. On the call with me today are Anthony Fernando, President and Chief Executive Officer; and Shameze Rampertab, Chief Financial Officer.

Before we begin, I would like to caution listeners that certain information discussed by management during this conference call, including any guidance provided, are forward-looking statements covered under the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those stated or implied by our forward-looking statements due to risks and uncertainties associated with the company's business, including any geopolitical factors beyond our control, and the uncertainty of whether a definitive merger agreement can be successfully negotiated with KARL STORZ and if, executed, will be approved by our stockholders. The company undertakes no obligation to update the information provided on this call. For a discussion of risks and uncertainties associated with the Asensus Surgical business, I encourage you to review the company's filings with the Securities and Exchange Commission, including the 2023 Form 10-K filed in March 2024 and the Form 10-Q expected to be filed later today and any other filings we make with the SEC.

During this call, we will also present certain non-GAAP financial information related to adjusted net loss attributable to common stockholders and the adjusted net loss per common share attributable to common stockholders. Management believes that these non-GAAP financial measures, taken in conjunction with US GAAP financial measures, provide useful information for both management and investors by excluding certain non-cash and other expenses that are not indicative of the company's core operating results. Management uses non-GAAP financial measures to compare our performance relative to forecast and strategic plans, to benchmark our performance externally against competitors and for certain compensation decisions. Reconciliations from US GAAP to non-GAAP results are presented in the tables accompanying our earnings release, which can be found in the Investor Relations section of our website.

With that, it's my pleasure to turn the call over to Asensus Surgical's President and Chief Executive Officer, Anthony Fernando.

CEO - Anthony Fernando

Thanks Mark, and thank you all for joining us today. To start, I'll give a summary of our recent performance and notable accomplishments in the first quarter of 2024. Then, Shameze will dive into our financial results. Following that, I'll discuss what lies ahead of us in 2024, and finally, we'll open the floor for any questions you may have.

First, I'd like to provide an update on a recent development for the Company. In early April, we entered into a non-binding letter of intent with KARL STORZ, regarding a potential acquisition of Asensus. Under the proposed terms, KARL STORZ would acquire 100% of our outstanding common stock for \$0.35 per share in cash.

As a reminder, KARL STORZ is a global leader in the medical technology industry, offering state-of-the-art endoscopes, medical instruments, and devices for minimally invasive procedures across various surgical specialties. KARL STORZ is an independent, family-owned company with a strong global presence and is committed to visionary design, precision craftsmanship, and clinical effectiveness.

We believe that this potential acquisition by KARL STORZ, provides an attractive opportunity to deliver unmatched clinical value coupled with state-of-the-art robotics and digital solutions to the operating room. KARL STORZ's global presence and scale, resources and commercial capabilities could enable broader adoption of our combined digital surgery solutions and maximize the potential of LUNA and the ISU.

As previously disclosed, we have granted KARL STORZ a 10-week exclusivity period to conduct due diligence and negotiate a definitive merger agreement. This exclusivity period started on March 28th 2024 and is ongoing. During the exclusivity period, KARL STORZ is providing us with up to \$10 million in financing through a fully secured promissory note to support our operations and, if a definitive merger agreement is successfully negotiated and executed, an additional \$10 million will be available to us as we pursue all necessary approvals.

Since announcing the potential transaction on April 3rd, we have been working closely with KARL STORZ to facilitate their due diligence process. As of today, we have drawn the first \$7 million of the \$10 million tranche of the note which has provided liquidity for operations.

To evaluate the potential terms of the transaction and make a recommendation to stockholders, our Board has formed a Transaction Committee. While there is no assurance a transaction will be completed, we believe exploring this opportunity with KARL STORZ is in the best interests of the Company and our stockholders. If we are able to finalize a definitive merger agreement with KARL STORZ, we will move expeditiously to secure stockholder approval for the proposed acquisition. Further updates will be provided as appropriate.

Despite the ongoing diligence activities, we remain focused on our business and, in particular, the continued growth of the Senhance system and ongoing development of the LUNA system and ISU. In the first quarter, the Senhance system was used in nearly 900 procedures worldwide. By continually capturing data from these surgeries, our machine learning capabilities improve, allowing us to provide increasingly valuable clinical insights to surgeons through the Intelligent Surgical Unit in the future.

With specialized 3 millimeter and 5 millimeter instruments, the Senhance Surgical System is uniquely designed for the delicate nature of pediatric procedures. As more pediatric surgeons recognize Asensus' unique system design, which not only preserves minimally invasive surgery, but also advances laparoscopy and robotics with digital surgery solutions, we expect the number of pediatric procedures performed using Senhance and the ISU to continue to grow.

Moving to new program initiations, in April, we announced that Sendai Tokushukai Hospital in Japan entered into an agreement to lease and utilize one of our Senhance Surgical Systems. This represents the second institution within one of Japan's largest private hospital systems to adopt our technology. I view this as further validation of the growing trust in our Senhance System in the Japanese market.

In summary, the first quarter saw steady growth in the adoption of our digital surgery solutions and continued progress in enhancing the capabilities of the Senhance platform. We are excited about the potential opportunity to join forces with KARL STORZ to accelerate our mission of digitizing the surgical environment.

While we work towards a potential transaction, our team remains focused on executing against our key initiatives, including driving further adoption through new program initiations, increasing procedure volumes, expanding our clinical registry, and advancing our LUNA platform development. We believe we are well-positioned for continued momentum in 2024.

CFO - Shameze Rampertab

Thanks, Anthony. Turning to the first quarter, for the three months ended March 31, 2024, the company reported revenue of \$1.1 million as compared to revenue of \$1.0 million in the three months ended March 31, 2023. Revenue in the first quarter of 2024 included \$0.5 million in lease revenue, \$0.3 million in instruments and accessories, and \$0.3 million in services.

For the three months ended March 31, 2024, total operating expenses were \$22.7 million, as compared to \$20.4 million in the three months ended March 31, 2023.

For the three months ended March 31, 2024, net loss attributable to common stockholders was \$22.5 million, or \$0.08 per share, as compared to a net loss attributable to common stockholders of \$22.2 million, or \$0.09 per share, in the three months ended March 31, 2023.

For the three months ended March 31, 2024, the adjusted net loss attributable to common stockholders was \$18.0 million, or \$0.07 per share, as compared to an adjusted net loss of \$22.0 million, or \$0.09 per share, in the three months ended March 31, 2023.

Adjusted net loss is GAAP net loss, adjusted for the following items; amortization of intangible assets, change in fair value of contingent consideration, and change in fair value of warrant liabilities, all of which are non-cash charges. Adjusted net loss attributable to common stockholders is a non-GAAP financial measure. Reconciliation from GAAP to non-GAAP measures can be found in our earnings release.

Turning to the balance sheet. The company had cash, cash equivalents, and short-term investments, excluding restricted cash of approximately \$8.0 million as of March 31, 2024. Based on the recent financing received from KARL STORZ and our current operating plan, we project that available cash will now sustain operations into Q3 2024. If we sign the definitive agreement with KARL STORZ, the additional \$10 million that we would be eligible to receive would support operations into Q4 2024 if we secure such financing.

I'll turn the call back over to Anthony.

CEO - Anthony Fernando

Thanks, Shameze.

Our key initiatives for 2024 center around advancing the development of our next-generation LUNA Surgical System and associated digital solutions while continuing to drive adoption of our current Senhance platform. For LUNA, we plan to freeze the system design in Q3, conduct verification and validation testing in Q4, and initiate pilot manufacturing to prepare for regulatory submissions. We continue to anticipate LUNA's 510(k) submission in the second half of 2025, clearance in the first half of 2026, and then launch following clearance.

In parallel, our digital roadmap includes integrating advanced analytical tools, innovative training and communication capabilities, and enhanced safety features into the LUNA digital ecosystem.

On the ISU hardware front, we are ramping up manufacturing with partners for the future Intelligent Surgical Unit (ISU) configurations, aiming to complete designs for both the integrated LUNA ISU and standalone ISU by mid-year 2024.

For our current Senhance System, we continue to expect to initiate 8-10 new programs globally in 2024 and anticipate 15-20% annual procedure volume growth.

2024 will be a pivotal year as we prepare to bring our LUNA platform and advanced digital capabilities to market, while sustaining growth with Senhance adoption worldwide. We have a set of strategic milestones to accomplish this year, keeping us firmly on track towards our vision.

With that, we would now like to open the line for questions.

Q&A

Operator

Thank you.

Ladies and gentlemen, we will now conduct the question-and-answer session. If you have a question, please press star one on your telephone keypad and wait for your name to be announced. You will hear a three tone prop acknowledging your request. If you would like to cancel your request, please press star two. Please ensure you lift the handset if you are using a speakerphone before pressing any keys. One moment please for your first question.

Your first question comes from the line of Ramakanth Swayampakula from H.C. Wainwright. Your line is now open.

Ramakanth Swayampakula

Thank you. Good afternoon, Anthony and Shameze. I know you can't talk too much about your discussions with KARL STORZ. However, I just would like to understand a little bit of the timeline. When exactly did the 10-week exclusivity period start? When would it end? What needs to happen for them to sign a letter to actually go through the transaction and acquire you?

Anthony Fernando

Hi, RK, thanks for your question. As you said, we continue to collaboratively work with KARL STORZ. We are currently seven weeks into the 10-week exclusivity period, and exclusivity period began on March 28. As you said, we can't comment further, but the work is going on and the diligence is ongoing, and that's where we are currently.

Ramakanth Swayampakula

Obviously, we are wishing for the best for the shareholders and the Company. However, playing the devil's advocate, if something happens in such a way that they are not going to go through this transaction, then what's the process? Does that mean this \$10 million that you got becomes a promissory note and you've gone with your business in terms of generating funds, and maintaining operations? Or I'm just trying to put a what-if scenario here?

Anthony Fernando

That's correct, RK. It's a secured promissory note, and we would be able to continue operations as we would have otherwise.

Ramakanth Swayampakula

Okay. In terms of operations itself, normally, when some transactions like this are in progress, or obviously, you had to come out and publicly talk about it, which is kind of unique. In situations like this, in the field are you sensing anything at all in terms of people being a little bit hesitant to go through transactions that they might have started, and how is it really affecting your operations?

Anthony Fernando

Not sure, exactly, I'll try to answer the question. Typically, any transaction one goes through diligence before entering into a definitive agreement. In our scenario, we announced the LOI on April 3 primarily because of the promissory note. Otherwise, the process that's ongoing would have taken place without any public knowledge. But right now, that's the reason why we disclosed what we had to. Then as soon as we are before the 10-week mark, that's when we'll be able to talk and give more details along with the definitive agreement.

Swayampakula Ramakanth

No, no, my question was on the commercial front, are you seeing any hesitancy or things are happening as they would normally happen in terms of placements? Those are the things that I'm asking about.

Anthony Fernando

Okay. Sorry, RK. I misunderstood the question. Currently, it's ongoing and we have not seen any challenges. KARL STORZ is a very well-known company among all of our existing and potential future customers. We have not had any challenges there. I think it's perceived as positive news in the field, and we continue to execute on the pipeline globally.

Swayampakula Ramakanth

Thank you. Thanks for taking all my questions.

Anthony Fernando

Thank you, RK.

Operator

Your next question comes from the line of Ross Osborn from Cantor Fitzgerald. Your line is now open.

Matthew

Hi, guys. This is Matt on for Ross. Thanks for taking the questions. I just wanted to start off by asking about your Senhance initiation in Japan this past April. Now that you place a couple of systems in Japan, what trends are you guys seeing in terms of adoption and growth in the region?

Anthony Fernando

Thanks, Matt. Thanks for your question. Japan is one of our faster-growing markets next to Europe. Primarily this site focused on pediatrics and there are several other sites. We've seen very good positive momentum in Japan in terms of case volume growth, and also system placements. Hopefully the pipeline also looks pretty good for the rest of the year so that we can deliver on the eight to 10 systems for the full year. But Japan has been a growth driver for us in terms of placements and also case volume.

Matthew

Got it. That's helpful. Just switching gears a bit, I wanted to ask if you guys can provide any insight into how KARL STORZ plans to utilize your assets in terms of just integrating the ISU versus continuing the development of LUNA?

Anthony Fernando

Yes, Matt, unfortunately, I can't get into any of the details, because currently it's just purely a diligence process, and those kinds of plans of integration, that will come next, but not at this time.

Matthew

Got it. Sounds good. Then just one more follow-up for me. I was wondering if you guys can provide any insights into the timeline and how the potential acquisition and integration may impact your previously guided timeline for LUNA?

Anthony Fernando

Currently, from a timeline point of view, we are moving ahead as we've disclosed and shared with all of you on our timeline. The LUNA program is making extremely good progress, and everything is on track. We are not anticipating any timeline shifts because of this transaction at all.

Matthew

Got it. Thanks for the color. Thanks for taking the questions, guys.

Anthony Fernando

Thank you, Matt.

Operator

There are no further questions at this time. I will now turn the call back to Mr. Anthony Fernando. Please continue.

Anthony Fernando

Thank you, Operator. Thank you, everyone, for joining today's call and we look forward to updating you on our progress throughout the year.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.