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

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2024

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. **001-38677**

Catheter Precision, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**38-3661826**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
1670 Highway 160 West, Suite 205 Fort Mill, South Carolina	**29708**
(Address of principal executive offices)	**(Zip Code)**

(973) 691-2000
(Registrant's telephone number, including area code)

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

Securities Registered under Section 12(b) of the Act:

Title of each class:	**Trading Symbol(s)**	**Name of each exchange on which registered:**
Common stock, par value $0.0001 per share	VTAK	NYSE American

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

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

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

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

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

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

As of the close of business on August 9, 2024, the registrant had 988,752 shares of common stock, par value $0.0001 per share, outstanding.

CATHETER PRECISION, INC.
QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CATHETER PRECISION, INC.
Condensed Consolidated Balance Sheets
(in thousands, except share data)

	June 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 16	$ 3,565
Accounts receivable	105	137
Inventories	63	44
Prepaid expenses and other current assets	204	415
Total current assets	388	4,161
Property and equipment, net	111	70
Lease right-of-use assets	149	179
Intangible assets, net	25,296	26,318
Deferred financing costs	309	—
Other non-current assets	8	8
TOTAL ASSETS	$ 26,261	$ 30,736
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 827	$ 464
Accrued expenses	1,734	1,733
Notes payable	—	184
Notes payable due to related parties	650	—
Interest payable to related parties	4	—
Current portion of royalties payable	7	—
Current portion of operating lease liabilities	96	91
Total current liabilities	3,318	2,472
Royalties payable	8,564	6,974
Operating lease liabilities	62	97
Total liabilities	11,944	9,543
Commitments and contingencies (see Note 17)		
Stockholders' Equity		
Preferred Stock, $0.0001 par value, 10,000,000 shares authorized		
Series A Convertible Preferred Stock, $0.0001 par value, 7,203 shares designated; 3,703 and 4,578 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	—	—
Series X Convertible Preferred Stock, $0.0001 par value, 15,404 shares designated; 12,656 shares issued and outstanding as of June 30, 2024 and December 31, 2023	—	—
Common stock, $0.0001 par value, 30,000,000 shares authorized; 757,340 and 702,662 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	296,921	296,902
Accumulated deficit	(282,604)	(275,709)
Total stockholders' equity	14,317	21,193
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 26,261	$ 30,736

See accompanying notes to unaudited condensed consolidated financial statements.

CATHETER PRECISION, INC.
Condensed Consolidated Statements of Operations
(in thousands, except shares and per share data)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	$ 93	$ 96	$ 175	$ 181
Cost of revenues	16	7	21	17
Gross profit	77	89	154	164
Operating expenses				
Loss on impairment of goodwill	—	4,848	—	60,934
Selling, general and administrative	2,713	1,415	5,369	11,648
Research and development	81	134	118	374
Total operating expenses	2,794	6,397	5,487	72,956
Operating loss	(2,717)	(6,308)	(5,333)	(72,792)
Other income (expense), net				
Interest income	2	119	32	188
Other income (expense), net	(1)	(4)	(4)	11
Change in fair value of royalties payable	(1,504)	4,617	(1,590)	4,617
Total other income (expense), net	(1,503)	4,732	(1,562)	4,816
Net loss	$ (4,220)	$ (1,576)	$ (6,895)	$ (67,976)
Deemed dividend - warrant inducement offer	—	—	—	(800)
Net loss attributable to common stockholders	$ (4,220)	$ (1,576)	$ (6,895)	$ (68,776)
Net loss per share attributable to common stockholders, basic and diluted	$ (5.57)	$ (2.94)	$ (9.19)	$ (169.70)
Weighted average common shares used in computing net loss per share, basic and diluted	757,340	536,438	750,130	405,270

See accompanying notes to unaudited condensed consolidated financial statements.

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CATHETER PRECISION, INC.
Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share data)
(Unaudited)

	Series A Convertible Preferred Stock		Series X Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2023	4,578	$ —	12,656	$ —	702,662	$ —	$ 296,902	$ (275,709)	$ 21,193
Stock-based compensation	—	—	—	—	—	—	6	—	6
Conversion of Series A Convertible Preferred Stock	(875)	—	—	—	54,678	—	—	—	—
Net loss	—	—	—	—	—	—	—	(2,675)	(2,675)
Balance at March 31, 2024	3,703	—	12,656	—	757,340	—	296,908	(278,384)	18,524
Stock-based compensation	—	—	—	—	—	—	13	—	13
Net loss	—	—	—	—	—	—	—	(4,220)	(4,220)
Balance at June 30, 2024	3,703	$ —	12,656	$ —	757,340	$ —	$ 296,921	$ (282,604)	$ 14,317

	Series A Convertible Preferred Stock		Series X Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	—	$ —	—	$ —	216,127	$ —	$ 214,397	$ (205,137)	$ 9,260
Common stock issued upon the exercise of options	—	—	—	—	30,175	—	179	—	179
Restricted stock awards cancelled or vested	—	—	—	—	(36)	—	—	—	—

Stock-based compensation	—	—	—	—	—	—	1,394	—	1,394
Issuance of Series X Convertible Preferred Stock in merger	—	—	14,650	—	—	—	82,925	—	82,925
Conversion of Series X Convertible Preferred Stock	—	—	(1,975)	—	197,491	—	—	—	—
Issuance of Series A Convertible Preferred Stock in connection with private placement, net	7,203	—	—	—	49,791	—	7,360	—	7,360
Warrants exercised (see Note 13)	—	—	—	—	33,161	—	1,145	—	1,145
Deemed dividend - warrant inducement offer	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(66,400)	(66,400)
Balance at March 31, 2023	7,203	—	12,675	—	526,709	—	307,400	(271,537)	35,863
Common stock issued upon the exercise of options	—	—	—	—	10,058	—	59	—	59
Adjustment of fair value of Series X Convertible Preferred Stock in merger	—	—	—	—	—	—	(10,381)	—	(10,381)
Adjustment of fair value of Stock-based compensation related to merger	—	—	—	—	—	—	(174)	—	(174)
Net loss	—	—	—	—	—	—	—	(1,576)	(1,576)
Balance at June 30, 2023	7,203	$ —	12,675	$ —	536,767	$ —	$ 296,904	$ (273,113)	$ 23,791

See accompanying notes to unaudited condensed consolidated financial statements.

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CATHETER PRECISION, INC.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	For the Six Months Ended June 30,	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,895)	$ (67,976)
Adjustments to reconcile net loss to net cash used in operating activities:		
Loss on impairment of goodwill	—	60,934
Depreciation and amortization	1,048	1,038
Stock-based compensation	19	1,220
Change in fair value of royalties payable	1,590	(4,617)
Changes in operating assets and liabilities:		
Accounts receivable	32	(48)
Inventories	(19)	(7)
Prepaid expenses and other assets	211	680
Lease right-of-use assets and lease liabilities	—	4
Current portion of royalties payable	7	—
Accounts payable	363	(921)
Accrued expenses	1	(7,009)
Accrued interest - related parties	4	(198)
Net cash used in operating activities	(3,639)	(16,900)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(67)	(57)
Cash acquired as part of business combination	—	15
Net cash used in investing activities	(67)	(42)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock and warrants	—	238
Proceeds from notes payable due to related parties	650	—
Payments on note payable	(184)	—
Payments on deferred financing costs	(309)	-
Proceeds from exercise of warrants	—	1,326
Payments of costs related to exercise of warrants	—	(181)
Payments of convertible promissory notes	—	(250)
Proceeds from the private placement of securities	—	8,000
Payments of offering costs related to the private placement of securities	—	(640)

Net cash provided by financing activities	157	8,493
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,549)	(8,449)
CASH AND CASH EQUIVALENTS, beginning of period	3,565	15,859
CASH AND CASH EQUIVALENTS, end of period	$ 16	$ 7,410
SUPPLEMENTAL CASH FLOW INFORMATION		
Non-cash consideration for Catheter acquisition	$ —	$ 72,544
Cash payments for interest	$ 4	$ 198

See accompanying notes to unaudited condensed consolidated financial statements.

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CATHETER PRECISION, INC.
Notes to Condensed Consolidated Financial Statements
(in thousands, except share data)
(Unaudited)

Note 1. Organization and Nature of Operations

The Company

Catheter Precision, Inc. ("Catheter" or the "Company or "Legacy RA Medical") was incorporated in California on September 4, 2002, and reincorporated in Delaware in July 2018. Catheter was initially formed to develop, commercialize and market its advanced excimer laser-based platform for use in the treatment of vascular and dermatological immune-mediated inflammatory diseases.

On January 9, 2023, Catheter entered into the Amended and Restated Agreement and Plan of Merger, or the "Merger Agreement", with Catheter Precision, Inc., or “Old Catheter”, a privately-held Delaware corporation. Under the terms of the Merger Agreement, Old Catheter became a wholly owned subsidiary of Catheter, together referred to as the Company, in a stock-for-stock merger transaction, or the "Merger".

Prior to the Merger, Catheter developed an advanced excimer laser-based platform for use in the treatment of vascular immune-mediated inflammatory diseases designed to be used as a tool in the treatment of Peripheral Artery Disease which commonly occurs in the legs. After the Merger and looking forward, this legacy Destruction of Arteriosclerotic Blockages by laser Radiation Ablation laser and single-use catheter, together referred to as "DABRA", and related assets were no longer used, the Company ceased operations and marketing with respect to DABRA, and Catheter’s legacy lines of business were discontinued. Instead, the Company has shifted the focus of its operations to Old Catheter’s product lines. Accordingly, the Company’s current activities primarily relate to Old Catheter’s historical business which comprises the design, manufacture and sale of new and innovative medical technologies focused in the field of cardiac electrophysiology, or EP.

One of the Company’s two primary products is the VIVO System, which is an acronym for View into Ventricular Onset (“VIVO” or “VIVO System”). VIVO is a non-invasive imaging system that offers 3D cardiac mapping to help with localizing the sites of origin of idiopathic ventricular arrhythmias in patients with structurally normal hearts prior to EP procedures. The VIVO System is commercially available in the European Union and has been placed at several hospitals in Europe. United States Food and Drug Administration ("FDA") 510(k) clearance was received and the Company began a limited commercial release of VIVO in 2021 in the United States.

The Company’s newest product, LockeT, is a suture retention device indicated for wound healing by distributing suture tension over a larger area in the patient in conjunction with a figure of eight suture closure and is intended to temporarily secure sutures and aid clinicians in locating and removing sutures efficiently. In addition, LockeT is a sterile, Class I product that was registered with the FDA in February 2023, at which time initial shipments began to distributors. Clinical studies for LockeT began during the year ended December 31, 2023. These studies are planned to show the product’s effectiveness and benefits, including faster wound closure, earlier ambulation, potentially leading to early hospital discharge, and cost benefits. This information is intended to provide crucial data for marketing.

The Company's product portfolio also includes the Amigo ® Remote Catheter System (the "AMIGO" or "AMIGO System"), a robotic arm that serves as a catheter control device. Prior to 2018, Old Catheter marketed Amigo. The Company owns the intellectual property related to Amigo, and this product is under consideration for future research and development of a generation 2 product.

Reverse Stock Split

On July 3, 2024, at the annual meeting of stockholders of the Company, the stockholders approved an amendment to the Amended and Restated Certificate of Incorporation of the Company (the “Amendment”) which included a decrease in the authorized common stock and authorization for the Board, in its discretion, to effect a reverse stock split within specified parameters. The Amendment was effective July 15, 2024, reducing the authorized common stock to 30 million shares and effecting a reverse stock split in which each ten (10) shares of the Company’s common stock, par value $ 0.0001 per share, issued and outstanding immediately prior to the effective time automatically combined into one (1) validly issued, fully paid and non-assessable share of common stock, par value $0.0001 per share.

No fractional shares were issued as a result of the Reverse Stock Split. Stockholders who would otherwise have been entitled to receive a fractional share were entitled to receive their pro rata portion of the net proceeds obtained from the aggregation and sale by the exchange agent of the fractional shares resulting from the reverse stock split (reduced by any customary brokerage fees, commissions and other expenses). The financial statements have been retrospectively adjusted to reflect the Reverse Stock Split of the Company's common stock for all periods presented.

Going Concern

As of June 30, 2024, the Company had cash and cash equivalents of approximately $ 16 thousand. For the six months ended June 30, 2024, the Company used $3.6 million in cash for operating activities. The Company has incurred recurring net losses from operations and negative cash flows from operating activities since inception. As of June 30, 2024, the Company had an accumulated deficit of approximately $282.6 million.

Management expects operating losses and negative cash flows to continue for the foreseeable future as the Company invests in its commercial capabilities. These negative cash flows and additional costs associated with the Merger paid during the year ended December 31, 2023, have substantially depleted the Company's cash. Following the Merger with Old Catheter, management further reduced costs while assuming the operating costs of Old Catheter. Management will continue to monitor its operating costs and seek to reduce its current liabilities. Such actions may impair its ability to proceed with certain strategic activities. As of June 30, 2024, the Company had $16 thousand of cash and cash equivalents. This amount will not be sufficient to fund the Company's operations through the end of August 2025. Because expected revenues are not adequate to fund planned expenditures and anticipated operating costs beyond such point, the Company has obtained an additional $850 thousand in bridge loans subsequent to June 30, 2024 and is currently evaluating potential means of raising cash through future capital transactions and additional bridge loans. If unable to do so, the Company will be required to reduce its spending rate to align with expected revenue levels and cash reserves, although there can be no guarantee that it will be successful in doing so. Accordingly, the Company will likely be required to raise additional cash through debt or equity transactions and bridge loans to continue operations. It may not be able to secure financing in a timely manner or on favorable terms, if at all.

As a result of these factors, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern for a period of one year after the date the unaudited condensed consolidated financial statements are issued. The Company's unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation

The unaudited condensed consolidated financial statements of the Company include the accounts of the Company and Old Catheter. All intercompany transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board ("FASB") establishes these principles to ensure financial condition, results of operations, and cash flows are consistently reported. Any reference in these notes to applicable accounting guidance is meant to refer to the authoritative nongovernmental GAAP as found in the FASB Accounting Standards Codification ("ASC"). Certain footnotes and other financial information normally required by U.S. GAAP have been condensed or omitted in accordance with instructions to Form 10-Q and Article 8 of

Regulation S-X. In the opinion of management, such statements include all adjustments which are considered necessary for a fair presentation of the unaudited condensed consolidated financial statements of the Company. The operating results presented herein are not necessarily an indication of the results that may be expected for the year. The unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited Consolidated Financial Statements included in its Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the Securities and Exchange Commission ("SEC") on April 1, 2024.

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Use of Estimates

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The

Company's unaudited condensed consolidated financial statements are based upon a number of estimates including, but not limited to, the accounting for the Old Catheter business combination (see Note 3, Business Combination), allowance for credit losses, evaluation of impairment of long-lived assets and goodwill, valuation of long-lived assets and their associated estimated useful lives, reserves for warranty costs, fair value of royalties payable, evaluation of probable loss contingencies, fair value of preferred stock and warrants issued, and the fair value of equity awards granted.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Cash equivalents represent short-term, highly liquid investments with maturities of 90 days or less at the date of purchase. Credit risk related to cash and cash equivalents is based on the creditworthiness of the financial institutions at which these funds are held. The Company has cash balances at financial institutions which from time to time may exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows. To reduce its risk associated with the failure of any such financial institution, the Company evaluates the rating of the financial institution in which it holds deposits. Any material loss that the Company may experience in the future could have an adverse effect on its ability to pay its operational expenses or make other payments and may require the Company to move its cash to other high quality financial institutions. Currently, the Company is reviewing its bank relationships in order to mitigate its risk to ensure that its exposure is limited or reduced to the Federal Deposit Insurance Corporation protection limits.

The Company extends credit to customers in the normal course of business. Concentrations of credit risk with respect to accounts receivable exist to the full extent of amounts presented in the condensed consolidated financial statements. The Company does not require collateral from its customers to secure accounts receivable.

The Company had three and five customers that represented 92% and 88%, of the Company's consolidated revenue for the three and six months ended June 30, 2024, respectively; and three and four customers that represented 76% and 84% of the Company's consolidated revenue for the three and six months ended June 30, 2023, respectively.

The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts, or other hedging arrangements.

Segment Reporting

The Company operates in one business segment, which is the marketing, sales and development of medical technologies focused in the field of cardiac electrophysiology.

Cash and Cash Equivalents

Cash equivalents primarily represent funds invested in readily available checking and money market accounts. The Company did not maintain deposits in financial institutions in excess of federally insured limits of $250,000 at June 30, 2024.

Fair Value Measurements

Fair value represents the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to identify inputs used in measuring fair value as follows:

Level 1 - Observable inputs that reflect quoted market prices (unadjusted) for identical assets or liabilities in active markets;

Level 2 - Inputs other than the quoted prices in active markets that are observable either directly or indirectly in the marketplace for identical or similar assets and liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market data, which require the Company to develop its own assumptions.

Cash equivalents, prepaid expenses, trade accounts receivable, accounts payable, and accrued expenses are reported on the condensed consolidated balance sheets at carrying value which approximates fair value due to the short-term maturities of these instruments.

The royalties payable have unobservable inputs that are not supported by any market data. As such the Company developed its own assumptions and identified the inputs as Level 3. The revenue adjusted discount rate ("RADR") was calculated using a weighted average cost of capital ("WACC") approach for the level 3 measurement. The RADR considers the WACC from the Company's impairment analysis and adjusts certain inputs to represent the risk profile of the revenue. Under the cost of equity section, the risk-free rate has changed to be commensurate with the royalties payable term. Additionally, the Beta and Company Specific Risk Premium have been adjusted to Revenue Beta and Revenue Specific Risk Premium, respectively. This adjustment was calculated by multiplying the respective metric by the quotient of equity volatility over revenue volatility. The remaining inputs from the Impairment WACC have remained unchanged.

The following table details the fair value measurements within the fair value hierarchy of the Company's financial instruments:

	Fair value at June 30, 2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash Equivalents				
Mutual Fund	$ —	$ —	$ —	$ —
Money Market fund	1	1	—	—
Total assets	$ 1	$ 1	$ —	$ —
Liabilities				
Royalties payable	$ 8,571	$ —	$ —	$ 8,571
Total liabilities	$ 8,571	$ —	$ —	$ 8,571

	Fair value at December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash Equivalents				
Mutual Fund	$ 3,397	$ 3,397	$ —	$ —
Money Market fund	10	10	—	—
Total assets	$ 3,407	$ 3,407	$ —	$ —
Liabilities				
Royalties payable	$ 6,974	$ —	$ —	$ 6,974
Total liabilities	$ 6,974	$ —	$ —	$ 6,974

Accounts Receivable and Allowances for Credit Losses

Under the Current Expected Credit Loss ("CECL") impairment model, the Company develops and documents its allowance for credit losses on its trade receivables based on three portfolio segments: Hospitals – United States, Hospitals – Europe, and Distributors. The determination of portfolio segments is based primarily on the customers' industry and geographical location.

Trade accounts receivable are recorded at invoiced amounts, net of allowance for credit losses, if applicable, and are unsecured and do not bear interest.

The allowance for credit losses is based on the probability of future collection under the CECL impairment model in which the Company determines its allowance by applying the method based on an aging schedule. The Company also considers reasonable and supportable current information in determining its estimated loss rates, such as external forecasts, macroeconomic trends or other factors including customers' credit risk and historical loss experience. The adequacy of the allowance is evaluated on a regular basis. Account balances are written off after all means of collection are exhausted and the balance is deemed uncollectible. Subsequent recoveries are credited to the allowance. Changes in the allowance are recorded as adjustments to bad debt expense in the period incurred.

As of June 30, 2024 and December 31, 2023 there is no reserve for expected credit losses within accounts receivable.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. Cost includes materials, labor and manufacturing overhead related to the purchase and production of inventories. The Company reduces the carrying value of inventories for those items that were potentially excess, obsolete or slow-moving based on changes in customer demand, technological developments or other economic factors.

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Property and Equipment

Property and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	2-5 years
Computer hardware and software	2-5 years
VIVO DEMO/Clinical Systems	2 years
Furniture and fixtures	5 years

Leasehold improvements are depreciated over the shorter of the useful life of the leasehold improvement or the term of the underlying property's lease.

The Company periodically reviews the residual values and estimated useful lives of each class of its property and equipment for ongoing reasonableness, considering long-term views on its intended use of each class of property and equipment and the planned level of improvements to maintain and enhance assets within those classes.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the account balances and any resulting gain or loss is recognized in income for the period. The cost of repairs and maintenance is expensed as incurred, whereas significant betterments are capitalized.

Impairment of Long-Lived Assets

In accordance with ASC 360, *Impairment and Disposals of Long-lived Assets*, the Company periodically reviews its long-lived assets for impairment when certain events or changes in circumstances indicate that the carrying value of the long-lived assets may not be recoverable. Should the sum of the undiscounted expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date.

The recurring negative cash flows and losses from operating activities indicates a triggering event. The Company assesses its long-lived assets for impairment. To determine whether the carrying amount of the long-lived asset group is recoverable, the Company determined the estimated future cash flows of the group for a period consistent with that of the primary assets of the group. The sum of the undiscounted cash flows was then compared to the carrying amount of the long-lived assets, as of June 30, 2024. The Company concluded there was no impairment as of June 30, 2024.

Goodwill

In accordance with ASC 350, *Intangibles – Goodwill and Other*, goodwill is calculated as the difference between the acquisition date fair value of the consideration transferred and the fair value of net assets acquired. Goodwill, which represents the excess of purchase price of Old Catheter over the fair value of net assets acquired, is carried at cost. Goodwill is not amortized; rather, it is subject to a periodic assessment for impairment by applying a fair value-based test. The Company reviews goodwill for possible impairment annually during the fourth quarter, or whenever events or circumstances indicate that the carrying amount may not be recoverable.

To determine whether goodwill is impaired, annually or more frequently if needed, the Company performs a multi-step impairment test. The Company first has the option to assess qualitative factors to determine if it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value. The Company may also elect to skip the qualitative testing and proceed directly to the quantitative testing. When performing quantitative testing, the Company first estimates the fair values of its reporting units using a combination of an income and market approach. To determine fair values, the Company is required to make assumptions about a wide variety of internal and external factors. Significant assumptions used in the impairment analysis include financial projections of free cash flow (including significant assumptions about operations including the rate of future revenue growth, capital requirements, and income taxes), long-term growth rates for determining terminal value and discount rates. Comparative market multiples are used to corroborate the results of the discounted cash flow test. These assumptions require significant judgment. Pursuant to ASU 2017-04, *Simplifying the Test for Goodwill Impairment*, the single step is to determine the estimated fair value of the reporting unit and compare it to the carrying value of the reporting unit, including goodwill. To the extent the carrying amount of goodwill exceeds the implied goodwill, the difference is the amount of

the goodwill impairment. The Company also completes a reconciliation between the implied equity valuation prepared and the Company's market capitalization. The majority of the inputs used in the discounted cash flow model are unobservable and thus are considered to be Level 3 inputs. The inputs for the market capitalization calculation are considered Level 1 inputs. There were impairment charges of $4.8 and $60.9 million recognized during the three and six months ended June 30, 2023, see Note 3, Business Combination and Note 7, Goodwill, for additional details. As of December 31, 2023, goodwill was fully impaired.

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Royalties Payable

The Company is obligated to pay royalties under various royalty agreements Old Catheter had entered into. On January 9, 2023, prior to the consummation of the Merger, Old Catheter entered in an agreement with its Convertible Promissory Noteholders (“Noteholders”), which substantially consisted of amounts due to David A. Jenkins, previously Old Catheter's Chairman of the Board of Directors prior to the Merger, and, currently, the

Company's Executive Chairman of the Board of Directors and Chief Executive Officer, to forgive all accrued interest and future interest expense in exchange for a future royalty right. The Company will pay to the Noteholders a total royalty equal to approximately 12% of net sales of LockeT, commencing upon the first commercial sale, through December 31, 2035 (see Note 10, Royalties Payable).

Catheter recognizes a liability for future payments to the Noteholders pursuant to the Royalty Right at fair value (the "Royalty Payable"). The value of the Royalty Payable is an estimate, as future sales of the LockeT product are unknown, and is calculated as Management's projected sales for LockeT through the end of 2035, multiplied by the royalty rate of 11.82%, then discounting that amount back to present value.

At each reporting date, the fair value of the Royalty Payable is re-measured in connection with any changes to Management's projections as a change in estimate.

Product Warranty

The Company's current products are warrantied against defects in material and workmanship when properly used for their intended purpose and properly maintained.

Warranty expenses are included in cost of revenues in the accompanying unaudited condensed consolidated statements of operations. Changes in estimates to previously established warranty accruals resulted from current period updates to assumptions regarding repair and product recall costs and are included in current period warranty expense. As of June 30, 2024 and December 31, 2023, there was no accrued warranty balance.

Distinguishing Liabilities from Equity

The Company relies on the guidance provided by ASC Topic 480, *Distinguishing Liabilities from Equity*, to classify certain redeemable and/or convertible instruments. The Company first determines whether a financial instrument should be classified as a liability. The Company will determine the liability classification if the financial instrument is mandatorily redeemable, or if the financial instrument, other than outstanding shares, embodies a conditional obligation that the Company must or may settle by issuing a variable number of its equity shares.

Once the Company determines that a financial instrument should not be classified as a liability, the Company determines whether the financial instrument should be presented between the liability section and the equity section of the balance sheets. The Company will determine temporary equity classification if the redemption of the financial instrument is outside the control of the Company (i.e. at the option of the holder). Otherwise, the Company accounts for the financial instrument as permanent equity.

Revenue Recognition

The Company applies the provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), and all related appropriate guidance. The core principle of this standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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The Company measures revenue based upon the consideration specified in the client arrangement, and revenue is recognized when the performance obligations in the client arrangement are satisfied. A performance obligation is a promise in a contract to transfer a distinct service to the customer. The transaction price of a contract is allocated to each distinct performance obligation. Under ASC 606, revenue is recognized when a customer obtains control of promised goods. To achieve this core principle, the Company applies the following five steps:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the Company satisfies a performance obligation

One of the Company's two primary products in 2024 is the VIVO System. The VIVO System offers 3D cardiac mapping to help with localizing the sites of origin of idiopathic ventricular arrhythmias in patients with structurally normal hearts prior to electrophysiology studies. In addition to the VIVO System, customers are provided with VIVO Positioning Patch Sets, which are custom patches, that are used in conjunction with the VIVO System to complete the intended output of the VIVO System. The delivery of the VIVO System, including the VIVO Positioning Patch Sets represents the Company's primary performance obligation. The Company recognizes revenue upon the delivery of the VIVO system. The Company also provides customers with the option to pay for software upgrades in advance at the time of the contract's inception. Software upgrades are stand-ready services, whereby the Company will provide software upgrade services to the customer when and as upgrades are available. Terms of the period covered by the payment of software upgrades in advance can range from one year to multiple years. Customers have the option to renew terms covered by software upgrades at the end of each term. The stand-ready software upgrades represent the Company's second separate performance obligation and revenue is recognized over the term of the period.

The Company invoices the customers after physical possession and control of the VIVO System is transferred to the customer and recognizes revenue upon delivery. The timing of payment for the corresponding invoices is dependent upon the credit terms identified in each contract. The Company invoices customers who pay for software upgrades in advance in conjunction with the invoice for the delivery of the VIVO System, and subsequent renewals of software upgrades are invoiced at the inception of the term. Revenue for these stand-ready services is recognized evenly over the term of the upgrade period, consistently with similar stand-ready services under ASC 606. Similar to the delivery of the VIVO System, the timing of payment for the corresponding invoices is dependent upon the credit terms identified in each contract. The Company has elected the practical expedient to expense costs to obtain a contract, as incurred, as opposed to recognizing the cost as an asset upon occurrence. Revenue is recognized at the point in time that the product is delivered to the customer.

Disaggregation of Revenue

The following table summarizes disaggregated product sales by geographic area ($ in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Product Sales				
US	$ 60	$ 73	$ 67	$ 131
Europe	33	23	108	50
	$ 93	$ 96	$ 175	$ 181

Shipping and Handling Costs

Shipping and handling costs charged to customers are included in net product sales, while all other shipping and handling costs are included in selling, general and administrative expenses in the accompanying unaudited condensed consolidated statements of operations.

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Advertising and Marketing

Advertising costs are expensed as incurred and included in selling, general and administrative expenses. Advertising costs were $ 48 thousand and $96 thousand during the three and six months ended June 30, 2024, respectively. Advertising costs were $41 thousand and $58 thousand during the three and six months ended June 30, 2023, respectively.

Patents

The Company expenses patent costs, including related legal costs, as incurred and records such costs as selling, general and administrative expenses in the accompanying unaudited condensed consolidated statements of operations.

Research and Development

Major components of research and development costs include consulting, research grants, supplies and clinical trial expenses. Research and development expenses are charged to operations in the period incurred.

Stock-Based Compensation

The Company records stock-based compensation expense associated with stock options, restricted stock awards ("RSAs") and restricted stock units ("RSUs") issued to employees, members of the Company's board of directors and consultants in accordance with the authoritative guidance for stock-based compensation. The Company evaluates whether an award should be classified and accounted for as a liability award or equity award for all stock-based compensation awards granted. The cost of an award of an equity instrument that is a stock option is measured at the grant date, based on the estimated fair value of the award using the Black-Scholes option pricing valuation model ("Black-Scholes model") which incorporates various assumptions including expected term, volatility and risk-free interest rate, and is recognized as expense on a straight-line basis over the requisite service period of the award, which is generally the vesting period of the respective award. Share-based compensation for an award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized, and any previously recognized compensation expense is reversed. Forfeitures are recognized as a reduction of stock-based compensation expense as they occur.

As a result of the Merger, all unvested Old Catheter stock options were subject to accelerated vesting and therefore became fully vested, as of the closing date of the business combination. The Company recognized the fair value of the replacement options as included in consideration transferred to the extent they do not exceed the fair value of the equivalent Old Catheter options. Any incremental fair value was recognized in compensation expense in the post-combination period, with this recognized as a Day 1 expense due to the Old Catheter options becoming fully vested concurrent with the closing of the business combination.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Any resulting net deferred tax assets are evaluated for recoverability and, accordingly, a valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax asset will not be realized.

The Company accounts for uncertainty in income taxes using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining whether it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. An uncertain tax position is considered effectively settled on completion of an examination by a taxing authority if certain other conditions are satisfied. Should the Company incur interest and penalties relating to tax uncertainties, such amounts would be classified as a component of interest expense and other expense, respectively.

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Basic and Diluted Net Loss per Share of Common Stock

The Company calculates basic net loss per share by dividing net loss by the weighted average number of common shares outstanding during the reporting period. A net loss cannot be diluted so when the Company is in a net loss position, basic and diluted loss per common share are the same. If in the future the Company achieves profitability, the denominator of a diluted earnings per common share calculation will include both the weighted average number of shares outstanding and the number of common stock equivalents, if the inclusion of such common stock equivalents would be dilutive. Anti-dilutive common stock equivalents excluded from the computation of diluted net loss per share include warrants, stock options, non-vested restricted stock awards, restricted stock units, Series A Convertible Preferred Stock, and Series X Convertible Preferred (see Note 12, Net Loss per Share).

Net loss attributable to common stockholders consists of net income or loss, as adjusted for actual and deemed dividends declared. The Company recorded a deemed dividend for the modification of existing warrants and issuance of new warrants during the three and six months ended June 30, 2023 of $0 and $0.8 million, respectively. The deemed dividend is added to the net loss in determining the net loss available to common stockholders for the six months ended June 30, 2023. There was no deemed dividend for the three months ended June 30, 3023 or for the three and six months ended June 30, 2024.

Recently Announced Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* . The amendments in ASU 2023-07 require disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to reconcile to segment profit or loss, and the title and position of the entity’s CODM. The amendments in this update also expand the interim segment disclosure requirements. These amendments do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis. The Company is currently reviewing the impact that the adoption of ASU 2023-07 may have on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* , which requires public entities to disclose consistent categories and greater disaggregation of information in the rate reconciliation and for income taxes paid. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is required to adopt this standard prospectively in fiscal year 2025 for the annual reporting period ending December 31, 2025. The Company does not believe the impact of the new guidance and related codification improvements will have material impact to its financial position, results of operations and cash flows.

Note 3. Business Combination

On January 9, 2023, the Company completed the acquisition of Old Catheter for the purpose of acquiring Old Catheter's existing and developing product lines based on unique electrophysiology technology.

Pursuant to the Merger Agreement, all Old Catheter common stock shares issued and outstanding and convertible promissory notes, representing an aggregate principal of $25.2 million, were converted into a right to receive 14,649.592 shares of a new class of the Company's preferred stock, designated Series X Convertible Preferred Stock. Additionally, all outstanding stock options to purchase Old Catheter common stock were assumed and converted into options to purchase approximately 75,367 shares of the Company's common stock.

The total purchase consideration for the Merger was $ 72.5 million which represents the sum of the (i) estimated fair value of the 14,649.592 Series X Convertible Preferred Stock issued and (ii) the portion of the estimated fair value of $3.4 million representing the Company stock options issued in replacement of Old Catheter share-based payment awards as required under FASB Topic 805, *Business Combinations ("Topic 805")* .

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The fair value of the Series X Convertible Preferred Stock includes certain discounts applied to the closing stock price of the Company, on January 9, 2023, of $60.90 per share.

The following table summarizes the fair value of the consideration associated with the Merger ($ in thousands):

Description	Fair Value as of January 9, 2023
Fair value of 14,649.592 Series X convertible preferred stock issued	$ 69,140
Fair value of Old Catheter's fully vested stock options	3,404
Total Purchase Price	$ 72,544

The Merger was accounted for as a business combination in accordance with Topic 805, and the Company has been determined to be the accounting acquirer. The Company allocated the purchase price to the assets acquired and liabilities assumed at fair value. The purchase price allocation reflects various fair value estimates and analyses, including certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, liabilities assumed, and goodwill, which were subject to change within the measurement period as valuations were being finalized (generally one year from the acquisition date). Measurement period adjustments were recorded in the reporting period in which the estimates are finalized, and adjustment amounts were determined. During the three months ended June 30, 2023, the Company recorded measurement period adjustments based on changes to certain estimates and assumptions and their related impact to the purchase price allocation. Developed technology was revised from $35.1 million to $27.0 million; trademarks were revised from $1.7 million to $1.3 million; customer relationships were revised from $220 thousand to $62 thousand; goodwill was revised from $56.0 million to $60.9 million; and royalties payable were revised from $7.6 million to $14.2 million.

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The following table summarizes the final purchase price allocations relating to the Merger ($ in thousands):

Description	Fair Value
Assets acquired:	
Cash and cash equivalents	$ 15
Accounts receivable	71
Inventories	52
Prepaid expenses and other current assets	23
Property and equipment, net	26

Lease right-of-use assets	119
Other assets	8
Developed technology	27,014
Customer relationships	62
Trademarks	1,285
Goodwill	60,934
Total assets acquired	$ 89,609
Liabilities assumed:	
Accounts payable	$ 922
Accrued expenses	1,389
Lease liability	124
Interest payable	198
Convertible promissory notes	250
Royalties payable	14,182
Total liabilities assumed	17,065
Total purchase price	$ 72,544

All intangible assets acquired are subject to amortization and their associated acquisition date fair values and useful lives are as follows:

Intangible Assets	**Fair Value**	**Useful Life**
Developed technology- VIVO	$ 8,244	15
Developed technology- LockeT	18,770	14
Customer relationships	62	6
Trademark- VIVO	876	9
Trademark- LockeT	409	9
	$ 28,361	

Notwithstanding the above, as described in Note 7, management determined that there were indicators of asset impairment during the period ended June 30, 2023, and assessed the carrying values of the Company's intangible assets and goodwill. As a result, the Company recorded an impairment charge relating to goodwill of $4.8 million during the three months ended June 30, 2023, resulting in a goodwill balance of $ 0 as of June 30, 2023 and a total impairment charge of $60.9 million for the six months ended June 30, 2023. This amount represented the purchase price amount ascribed to goodwill.

Transaction costs incurred in connection with this business combination amounted to approximately $ 0 and $1.7 million during the three and six months ended June 30, 2023, respectively.

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Pro Forma Financial Information

The following table represents the revenue, net loss and net loss per share effect of the acquired company, as reported on a pro forma basis as if the acquisition occurred on January 1, 2023. These pro forma results are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the first day of the period presented, nor does the pro forma financial information purport to represent the results of operations for future periods. The following information for the three and six months ended June 30, 2023 is presented in thousands except for the per share data ($ in thousands, except per share data):

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Revenues	$ 96	$ 184
Net loss	$ (1,576)	$ (68,146)
Net loss attributable to common stockholders	$ (1,576)	$ (68,946)
Basic and diluted net loss per share – on a pro forma basis	$ (2.94)	$ (168.15)

Note 4. Inventories

Inventories consisted of the following ($ in thousands):

	June 30, 2024	December 31, 2023
Raw materials	$ 35	$ 27
Finished goods	28	17
Inventories	$ 63	$ 44

There were no charges for inventory obsolescence or allowance recorded during the three and six months ended June 30, 2024 and 2023.

Note 5. Property and Equipment

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

	June 30, 2024	December 31, 2023
Machinery and equipment	$ 28	$ 16
Computer hardware and software	29	17
LockeT Animation video	29	—
VIVO DEMO/Clinical Systems	83	69
Property and equipment, gross	169	102
Accumulated depreciation	(58)	(32)
Property and equipment, net	$ 111	$ 70

Depreciation expense was $15 thousand and $26 thousand for the three and six months ended June 30, 2024, respectively. Depreciation expense was $9 thousand and $15 thousand for the three and six months ended June 30, 2023, respectively.

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Note 6. Intangible Assets

The following table summarizes the Company's intangible assets as of June 30, 2024 ($ in thousands):

	Estimated Useful Life in Years	Gross Carrying Amount at January 9, 2023	Accumulated Amortization	Net Book Value at June 30, 2024
Developed technology - VIVO	15	$ 8,244	$ (825)	$ 7,419
Developed technology - LockeT	14	18,770	(2,011)	16,759
Customer relationships	6	62	(15)	47
Trademarks/trade names - VIVO	9	876	(146)	730

Trademarks/trade names - LockeT	9	409	(68)	341
		$ 28,361	$ (3,065)	$ 25,296

The following table summarizes the Company's intangible assets as of December 31, 2023 ($ in thousands):

	Estimated Useful Life in Years	Gross Carrying Amount at January 9, 2023	Accumulated Amortization	Net Book Value at December 31, 2023
Developed technology - VIVO	15	$ 8,244	$ (550)	$ 7,694
Developed technology - LockeT	14	18,770	(1,341)	17,429
Customer relationships	6	62	(10)	52
Trademarks/trade names - VIVO	9	876	(97)	779
Trademarks/trade names - LockeT	9	409	(45)	364
		$ 28,361	$ (2,043)	$ 26,318

The estimated future amortization expense for the next five years and thereafter is as follows ($ in thousands):

Years ending December 31,	Future Amortization Expense
Remainder of 2024	$ 1,021
2025	2,043
2026	2,043
2027	2,043
2028	2,043
Thereafter	16,103
Total	$ 25,296

The Company uses the straight-line method to determine the amortization expense for its definite lived intangible assets. Amortization expense, included within selling, general and administrative expenses, relating to the Company's intangible assets was $0.5 million and $1.0 million for the three and six months ended June 30, 2024, respectively, and $0.5 million and $1.0 million for the three and six months ended June 30, 2023, respectively.

The weighted average remaining amortization period for the Company's intangible assets as of June 30, 2024, is 12.57 years.

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Note 7. Goodwill

In connection with the Merger, the excess of the purchase price over the estimated fair value of the net assets assumed of $ 60.9 million was recognized as goodwill. The Merger was accounted for as a business combination in accordance with Topic 805, and the Company has been determined to be the accounting acquirer. The Company allocated the purchase price to the assets acquired and liabilities assumed at fair value. During the three months ended June 30, 2023, the Company recorded measurement period adjustments based on changes to certain estimates and assumptions and their related impact to the purchase price allocation. As a result, goodwill was revised from $56.0 million to $60.9 million.

The Company tests Goodwill for impairment at the reporting unit level annually in the fourth quarter or more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists. Due to a sustained decrease in the Company's share price during the quarter ended March 31, 2023, the Company concluded that, in accordance with ASC 350, a triggering event occurred indicating that potential impairment exists and required the Company to assess if impairment exists as of March 31, 2023. In accordance with ASC 350, the Company performed a quantitative goodwill impairment test, which resulted in the carrying amount of the reporting unit exceeding the estimated fair value of the reporting unit, indicating that the goodwill of the reporting unit was impaired. The Company utilized a combination of an income and market approach to assess the fair value of the reporting unit. The income approach considered the discounted cash flow model, considering projected future cash flows (including timing and profitability), discount rate reflecting the risk inherent in future cash flows, perpetual growth rate, and projected future economic and market conditions. The guideline public company market approach considered marketplace earnings multiples from within a peer public company group. As of December 31, 2023, cumulative goodwill impairment charges of $60.9 million were incurred related to the Company's single reporting unit and no goodwill remained as of this date.

Note 8. Accrued Expenses

Accrued expenses consisted of the following ($ in thousands):

	June 30, 2024	December 31, 2023
Legal expenses	$ 231	$ 102
Offering costs	1,387	1,356
Compensation and related benefits	20	43
Other accrued expenses	96	232
Accrued expenses	$ 1,734	$ 1,733

The product warranty accrual related to the voluntary recall of DABRA catheters was initiated in September 2019. The recall was closed by the FDA in July 2023 and no claims have been submitted in approximately 2 years. As such, the Company derecognized the warranty liability of $192 thousand as of December 31, 2023. As of June 30, 2024 and December 31, 2023, there is no accrued warranty balance.

Note 9. Notes Payable

Note Payable - Director & Officer Liability Insurance

The Company purchased director and officer liability insurance coverage on October 16, 2023 for $ 447 thousand. A down payment of $ 157 thousand was made and the remaining balance of $291 thousand was financed over 8 months through a short-term financing arrangement with its insurance carrier. The interest rate on the loan is 8.990%. Interest expense on this loan was $1 thousand and $4 thousand for the three and six months ended June 30, 2024, respectively. The loan balance was $184 thousand as of as December 31, 2023. The loan balance was paid off in May of 2024 and therefore there is no balance as of June 30, 2024.

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8% Short Term Promissory Notes (collectively, the "Related Party Notes")

On May 30, 2024, David A. Jenkins, Executive Chair and Chief Executive Officer, loaned $ 500,000 to the Company in exchange for a short term promissory note (the "May Related Party Note").

On June 25, 2024, an entity controlled by Mr. Jenkins loaned $ 150,000 to the Company in exchange for a short term promissory note (the "June Related Party Note").

The Related Party Notes have a maturity date of August 30, 2024, and bear interest at the rate of 8% per annum.

The Related Party Notes and the debt evidenced thereby, including all principal and interest, accelerate and become immediately due and payable upon the occurrence of certain customary events of default, including failure to pay amounts owing when due, material breach of representations or warranties by the Company (unless waived by the holder of the Related Party Note or cured within 10 days following notice) and/or certain events involving a discontinuation of the Company's business or certain types of proceedings involving insolvency, bankruptcy, receivership and the like.

Interest expense on the Related Party Notes was $4 thousand for the three and six months ended June 30, 2024. The balance of the Related Party Notes and accrued interest was $654 thousand as of June 30, 2024, $4 thousand of which is related to the Interest payable to related parties on the condensed consolidated balance sheets.

See Note 19, Related Parties, for additional details.

Note 10. Royalties Payable

LockeT Royalty

On January 9, 2023 Old Catheter entered into an agreement with the Noteholders to forgive all accrued interest and future interest expense in exchange for a future royalty right. Under these agreements, the Company is obligated to pay the Noteholders a total royalty equal to approximately 12% of net sales of its LockeT device, commencing upon the first commercial sale, through December 31, 2035.

An additional royalty will be paid to the inventor of the LockeT device as detailed in the Royalty Agreement. In exchange for the assignment and all rights to LockeT, the Company will pay a 5% royalty on net sales up to $1.0 million in royalties, payable annually in arrears, starting with the year ending December 31, 2022. After $1.0 million has been paid, and if, and only if, a US patent is granted by the United States Patent and Trademark Office, the Company will continue to pay a royalty at a rate of 2% of net sales, until total cumulative royalties of $ 10.0 million have been paid. The royalty payments will apply to revenues through December 31, 2033, then will terminate regardless of whether the full $ 10.0 million has been paid.

The LockeT device had sales during the three and six months ended June 30, 2024, and as such the Company owes the first royalty payment in relation to the Royalty Agreement. As of June 30, 2024, the Company owes $6 thousand in relation to LockeT sales.

AMIGO System Royalty

During 2006 and 2007, Old Catheter entered into two investment grant agreements with a non-profit foundation for the purpose of funding the initial development of Old Catheter's AMIGO System, receiving a total of $1.6 million from the foundation.

The agreement calls for the payment of the following sales-based royalties, by Old Catheter, to the foundation, upon successful commercialization of the AMIGO System:

Royalty Percentage	Until Royalty Payment Reaches a Total of
4%	$ 1,589,500
2%	$ 3,179,000
1%	In perpetuity

The Company is not actively marketing and selling the AMIGO System. There was no royalty expense recorded for the three and six months ended June 30, 2024 and 2023 in relation to the AMIGO System. The AMIGO System royalty has been earned and payment has been deferred to a future date.

The table below represents the change in fair value of level 3 royalties payable for the six months ended June 30, 2024 and 2023 ($ in thousands). See Note 2, Summary of Significant Accounting Policies, for valuation techniques.

	2024	2023
Beginning Balance, January 1,	$ 6,974	$ —
AMIGO royalty payable recognized in connection with the Merger	—	160
LockeT royalty payable recognized in connection with the Merger	—	14,022
Payments owed on royalties payable	7	—
Change in fair value of royalties payable	1,590	(4,617)
Ending Balance, June 30,	$ 8,571	$ 9,565

Note 11. Leases

For the three and six months ended June 30, 2024 and 2023 operating lease expense and cash paid for leases were as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Operating lease expense	$ 28	$ 17	$ 52	$ 29
Cash paid for leases	$ 29	$ 21	$ 53	$ 30

The Company's lease agreements generally do not provide an implicit borrowing rate. Therefore, the Company used a benchmark approach to derive an appropriate imputed discount rate. The Company benchmarked itself against other companies with similar credit ratings and of comparable quality and derived an imputed rate, which was used in a portfolio approach to discount its real estate lease liabilities. Management used an estimated incremental borrowing rate as detailed below for each lease.

Lease Terms and Discount Rate

The table below presents certain information related to the weighted average remaining lease term and the weighted average discount rate for the Company's operating leases, as of June 30, 2024:

Weighted average remaining lease term (in years) - operating leases	1.61
Weighted average discount rate - operating leases	8.69%

South Carolina Office Lease Agreement

On September 27, 2022, Old Catheter entered into a lease agreement for office space located in Fort Mill, South Carolina. The space is used for office and general use. The term of the lease began on October 1, 2022, is 38 months, and includes two months of free rental from the commencement date of

the lease. The lease contains two separate 36 month renewal periods, which require 180 days' notice of the Company's intention to exercise. As of the date of these condensed consolidated financial statements, the Company does not intend to exercise either of the two extension options. Total rent is $3,435 per month for the first ten months following the two months of free rent, with annual increases on the anniversary of the effective date. The Company has adopted the practical expedient under Topic 842, which permits the Company to account for each separate lease component of a contract and its associated non-lease components as a single lease payment. As a result, beginning at lease inception on October 1, 2022, the Company recognized both the lease payments and associated common area maintenance payments as a single lease payment. The Company estimated an incremental borrowing rate of 11.09% for this lease agreement.

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New Jersey Office Lease Agreement

On December 7, 2022, Old Catheter entered into a lease agreement for office space located in Augusta, New Jersey. The space is used for office and general use. The term of the lease is 24 months and began on January 1, 2023. The lease contains one 24 month renewal period, which requires 9 months' notice if the Company intends to exercise. In March 2024, the Company notified the landlord of its intent to extend the lease for a 12-month period. In April 2024, a lease extension agreement was entered into extending the lease through December 31, 2025. Total rent is $ 1,207 per month throughout December 31, 2024 and $1,267 for the remaining term of the extended lease. The Company estimated an incremental borrowing rate of 10%

for this lease agreement.

Park City Office Lease Agreement

On March 19, 2023, the Company entered into a lease agreement for office space located in Park City, Utah. The space is used for office and general use. The term of the lease is for 36 months and began on May 1, 2023. The lease contains one 36 month renewal period, which requires 180 days' notice of the Company's intention to exercise. As of the date of these unaudited condensed consolidated financial statements, the Company does not intend to exercise the extension option. Total rent is $3,200 per month for the first year with an annual increase of three percent per year on the anniversary of the effective date. The Company estimated an incremental borrowing rate of 6% for this lease agreement.

Future lease payments for all lease obligations for the following five fiscal years and thereafter are as follows ($ in thousands):

Years ending December 31:	**Operating Lease**
Remainder of 2024	$ 49
2025	96
2026	14
Total minimum lease payments	159
Less effects of discounting	(1)
Present value of future minimum lease payments	$ 158

Lease right-of-use assets and lease liabilities for the Company's operating leases were recorded in the condensed consolidated balance sheets as follows ($ in thousands):

	June 30, 2024	**December 31, 2023**
Assets		
Lease right-of-use assets	$ 149	$ 179
Total lease assets	$ 149	$ 179
Liabilities		
Current liabilities:		
Lease liabilities - current portion	$ 96	$ 91
Non-current liabilities:		
Lease liabilities - net of current portion	62	97
Total lease liabilities	$ 158	$ 188

Note 12. Net Loss per Share

The Company's outstanding warrants to purchase common stock have participation rights to any dividends that may be declared in the future and are therefore considered to be participating securities. Participating securities have the effect of diluting both basic and diluted earnings per share during periods of income. During periods of loss, no loss is allocated to the participating securities since the holders have no contractual obligation to share in the losses of the Company.

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Anti-dilutive common share equivalents excluded from the computation of diluted net loss per share at June 30, 2024, consisted of Series A convertible preferred stock of 231,412 shares, Series X Convertible Preferred Stock of 1,265,601 shares, warrants of 1,104,218, stock options of 91,456, and no restricted stock awards or restricted stock units.

Anti-dilutive common share equivalents excluded from the computation of diluted net loss per share at June 30, 2023, consisted of Series A convertible preferred stock of 450,123 shares, Series X convertible preferred stock of 1,267,469 shares, warrants of 1,104,217, stock options of 21,531, and restricted stock units of 2.

Net loss attributable to common stockholders for the six months ended June 30, 2023, consists of net loss, as adjusted for deemed dividends. The Company recorded a deemed dividend for the modification of existing warrants and issuance of the Series E warrants (see Note 13, Equity Offerings) of $0.8 million, during the six months ended June 30, 2023.

Note 13. Equity Offerings

Warrant Inducement Offer

On January 9, 2023, the Company reduced the exercise price of certain existing warrants (the "Existing Warrants"), exercisable for 33,161 shares of the Company's common stock held by a certain investor (the "Investor"), with exercise prices ranging from $140.00 to $5,265 per share to $40.00 per share (the "2023 Warrant Repricing"). In connection with the 2023 Warrant Repricing, the Company entered into a warrant inducement offer letter (the "2023 Inducement Letter"), with the Investor pursuant to which it would exercise up to all of the 33,161 Existing Warrants (the "Inducement Offer"). In consideration for exercising the Existing Warrants pursuant to the terms of the 2023 Inducement Letter, the Company received approximately $1.3 million in gross proceeds. The Company paid the placement agent aggregate cash fees of approximately $0.2 million related to the Inducement Offer which represented 8.0% of the gross proceeds received from the Inducement Offer plus other offering costs resulting in net proceeds to the Company of $1.1 million. In consideration for exercising the Existing Warrants pursuant to the terms of the 2023 Inducement Letter, the Company issued the Investor a new Series E common stock purchase warrant, or Series E Warrant (the "Series E Warrant"), to purchase 33,161 shares of common stock at an exercise price of $40.00 per share. The Series E Warrant is exercisable for five years from the date of stockholder approval. Exercise of the Series E Warrant in full was subject to approval of the Company's stockholders other than the Investor, which was obtained at a special meeting of the Company's stockholders held on March 21, 2023 (the "Stockholders' Meeting"). The incremental fair value of the repriced warrants amounted to $0.3 million and the fair value of Series E warrant totaled $1.9 million. The relative fair value of such amounts were recorded to additional paid-in capital concurrent with the exercise of the Existing Warrants.

As a result of the 2023 Warrant Repricing and Inducement Offer, the Company presented a deemed dividend for the modification of Existing Warrants and issuance of the Series E Warrants of $0 and $0.8 million during the three and six months ended June 30, 2023, respectively. The deemed dividend was included in net loss attributable to common stockholders in the calculation of net loss per share in the unaudited consolidated condensed statements of operations.

The warrants, other than the Series E Warrants which are presented in a separate table below, were valued on the date of the 2023 Warrant Repricing using the Black-Scholes model based on the following assumptions:

	5/22/2020 Raise	8/3/2020 Raise	Series B	Series C
Risk-free interest rate	4.06%	4.06%	3.60%	3.66%
Volatility	135.35%	132.55%	115.42%	127.65%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected life (in years)	2.4	2.6	6.5	4.5

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The Series E warrants were also valued on the date of the 2023 Warrant Repricing at approximately $ 1.9 million using the Black-Scholes model based on

the following assumptions:

Risk-free interest rate	3.66%
Volatility	124.07%
Expected dividend yield	0.00%
Expected life (in years)	5.0

Private Placement

On January 9, 2023, the Company entered into a Securities Purchase Agreement ("Securities Purchase Agreement") for a private placement ("Private Placement"), with the Investor. Pursuant to the Securities Purchase Agreement, the Investor agreed to purchase, for an aggregate purchase price of approximately $8.0 million, (a) Class A units at a price that was the lower of $ 3.00 per unit and 90% of the 5 day volume weighted average price of the Company's common stock immediately prior to obtainment of the approval of the Company's stockholders of conversion of the PIPE Preferred Stock and PIPE Warrants (as each are defined below), without adjusting such price for the reverse stock split, each consisting of one tenth of one share of common stock, one tenth of one Series F common stock purchase warrant, or Series F Warrant, and one tenth of one Series G common stock purchase warrant, or Series G Warrant, and together with the Series F Warrants (the "PIPE Warrants") and (b) Class B units at a price of $1,000 per unit, each consisting of one share of a new series of the Company's preferred stock, designated as Series A Convertible Preferred Stock (the "PIPE Preferred Stock"), par value $0.0001, and one tenth of one Series F Warrant and one tenth of one Series G Warrant for each one-tenth of one share of the Company's common stock underlying the PIPE Preferred Stock (each share of which is convertible into a number of shares of the Company's common stock equal to $1,000 divided by the lower of $30.00 and 90% of the 5 day volume weighted average closing price, multiplied by ten in order to reflect the impact of the reverse stock split of the Company's common stock immediately prior to the obtainment of the approval of the Company's stockholders of conversion of the PIPE Preferred Stock and PIPE Warrants, or the Preferred Conversion Rate). The closing under the Securities Purchase Agreement and the sale and issuance of the Class A units and Class B units (and the issuance of any underlying common stock) were approved at the Stockholders' Meeting. At the closing of the Private Placement, the Company issued 497,908 Class A units for proceeds of approximately $ 0.9 million and 7,203 Class B units for proceeds of approximately $7.1 million which contained preferred shares that were convertible into up to 450,123 shares of common stock, as well as the issuance of warrants described below.

The PIPE Warrants, including Series F warrants and Series G warrants, are exercisable at an exercise price of $ 30.00 per share, subject to adjustments as provided under the terms of the PIPE Warrants. The PIPE Warrants are exercisable at any time on or after the closing date of the Private Placement until the expiration thereof, except that the PIPE Warrants cannot be exercised if, after giving effect thereto, the purchaser would beneficially own more than 4.99%, or the Maximum Percentage, of the outstanding shares of common stock of the Company, which Maximum Percentage may be increased or decreased by the purchaser with written notice to the Company to any other percentage specified not in excess of 9.99%. The Series F Warrants have a term of two years from the date of stockholder approval, and the Series G Warrants have a term of six years from the date of stockholder approval. The Series F Warrants and Series G Warrants were approved at the Stockholders' Meeting.

The Series F warrants and Series G warrants were valued, in aggregate, at approximately $ 5.5 million using the Black-Scholes model based on the following assumptions:

	Series F	Series G
Risk-free interest rate	3.8%	3.4%
Volatility	80.0%	74.0%
Expected dividend yield	0.0%	0.0%
Expected life (in years)	2.0	6.0

The proceeds from the Securities Purchase Agreement were allocated to the equity instruments issued based on their relative fair values and recorded in additional paid-in capital.

Shares of PIPE Preferred Stock, the conversion of which was approved at the Stockholders' Meeting, convert into common stock at the option of the holder at the Preferred Conversion Rate, subject to certain ownership limitations as described below. The conversion price is subject to adjustment in the case of stock splits, stock dividends, combinations of shares and similar recapitalization transactions.

Subject to limited exceptions, holders of shares of PIPE Preferred Stock will not have the right to convert any portion of their Preferred Stock if the holder, together with its affiliates, would beneficially own in excess of 4.99% (or up to 9.99% at the election of the holder) of the number of shares of the Company's common stock outstanding immediately after giving effect to its conversion.

Holders of PIPE Preferred Stock will be entitled to receive dividends on shares of PIPE Preferred Stock equal, on an as-if-converted-to-common stock basis, and in the same form as dividends actually paid on shares of the common stock. Except as otherwise required by law, the PIPE Preferred Stock does not have voting rights.

The Company also entered into a registration rights agreement with the purchasers requiring the Company to register the resale of the shares of common stock, the shares issuable upon exercise of the Warrants and the shares issuable upon the conversion of the PIPE Preferred Stock.

Placement Fees

In connection with offerings completed by the Company in 2022, (the "2022 Offerings"), the Company entered into an agreement with a placement agent that, subject to satisfaction of the requirements contained therein, called for a placement fee payable based on capital raised from certain investors for a definitive time following the expiration of the agreement. The accrued placement fee of approximately $1.4 million related to the 2022 Offerings is included in accrued expenses in the consolidated balance sheets as of June 30, 2024. Additionally, the agreement called for the issuance of warrants with the following terms:

Number of shares	Exercise Price	Expiration
3,300	$312.50	5 years
3,100	$175.00	5 years

The warrants were valued on the date of the 2022 Offerings using the Black-Scholes model based on the following assumptions:

Value ($ in millions)	Expected Volatility	Risk-Free Interest Rate	Expected Dividend Yield	Expected Term (years)
$0.4	93.25%	1.81%	0%	5.0
$0.2	96.70%	2.87%	0%	5.0

The warrants have not been issued by the Company as of June 30, 2024.

Warrants

The following table presents the number of common stock warrants outstanding:

Warrants outstanding, December 31, 2022	115,070

Issued	1,032,979
Exercised	(33,161)
Expired	(10,671)
Warrants outstanding, December 31, 2023	1,104,217
Issued	—
Exercised	—
Expired	—
Warrants outstanding, June 30, 2024	1,104,217

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During the three and six months ended June 30, 2024, no warrants were issued, exercised, or expired.

The following table presents the number and type of common stock warrants outstanding, their exercise price, and expiration dates as of June 30, 2024:

Warrant Type	Warrants Outstanding	Exercise Price	Expiration Date
May 2020 Warrants	1,275	$ 5,625.00	5/20/2025
May 2020 Placement Agent Warrants	124	$ 7,031.25	5/20/2025

August 2020 Warrants	1,943	$	4,375.00	8/3/2025
August 2020 Placement Agent Warrants	192	$	5,468.75	7/30/2025
August 2021 Pharos Banker Warrants	148	$	1,495.00	8/16/2026
February 2022 Series B Warrants	39,153	$	140.00	2/4/2029
July 2022 Series C Warrants	28,403	$	140.00	7/22/2027
January 2023 Series E Warrants	33,161	$	40.00	3/21/2028
March 2023 Series F Warrants	499,909	$	30.00	3/21/2025
March 2023 Series G Warrants	499,909	$	30.00	3/21/2029
	1,104,217			

As of June 30, 2024, the warrants issued by the Company had a weighted average exercise price of $ 53.07.

Note 14. Preferred Stock

Series X Convertible Preferred Stock

As described in Note 3, above, pursuant to the Merger Agreement, all Old Catheter common stock shares issued and outstanding and convertible promissory notes, representing an aggregate principal of $25.2 million, were converted into a right to receive 14,649.592 shares of a new class of the Company's preferred stock, designated Series X Convertible Preferred Stock.

Series X Convertible Preferred Stock has no voting rights prior to the conversion into common stock. While there are generally no voting rights of the Series X Convertible Preferred Stock, there are protective rights regarding the sales of the company, change of control, etc. No currently outstanding share of Series X Preferred may convert into common stock until on or after July 9, 2024, and then, only if the Company's common stock has been delisted from the NYSE American or has been approved for initial listing on the NYSE American or another stock exchange, at a rate of 100 shares of common stock for each share of Series X Convertible Preferred Stock.

Upon consummation of the Merger, each holder of Old Catheter convertible promissory notes received, in exchange for discharge of the principal of his or its Notes, a number of shares of the Company's Series X Convertible Preferred Stock representing a potential right to convert into the Company's common stock in an amount equal to one common share for each $32.00 of principal amount.

On March 21, 2023, the Company held the Stockholders' Meeting, at which the stockholders approved, among other things, the issuance of 199,359 shares of common stock upon the conversion of 1,993.581 of Series X Convertible Preferred Stock which were issued upon the closing of the Merger, see Note 3, Business Combination. On March 23, 2023, the Company issued 197,491 shares of common stock upon the conversion of 1,974.905 of Series X Convertible Preferred Stock. On October 24, 2023, the remaining 1,868 shares of common stock were issued upon the conversion of 18.676 shares of Series X Convertible Preferred Stock. The remaining 12,656.011 shares of Series X Convertible Preferred Stock are expected to remain outstanding until the Company meets the initial listing standards of the NYSE American or another national securities exchange or is delisted from the NYSE American, at which time they will convert into common stock.

Series A Convertible Preferred Stock

As described in Note 13, on January 9, 2023, the Company entered into a Securities Purchase Agreement for a Private Placement with the Investor. Pursuant to the Securities Purchase Agreement, shares of Series A Convertible Preferred Stock were issued, the conversion of which was approved at the Stockholders' Meeting. The Series A Convertible Preferred Stock converts into common stock at the option of the holder at the Preferred Conversion Rate, subject to certain ownership limitations as described below. The conversion price is subject to adjustment in the case of stock splits, stock dividends, combinations of shares and similar recapitalization transactions.

Subject to limited exceptions, holders of shares of Series A Convertible Preferred Stock will not have the right to convert any portion of their Series A Convertible Preferred Stock if the holder, together with its affiliates, would beneficially own in excess of 9.99% of the number of shares of the Company's common stock outstanding immediately after giving effect to its conversion.

Holders of Series A Convertible Preferred Stock will be entitled to receive dividends on shares of Series A Convertible Preferred Stock equal, on an as-if-converted-to-common stock basis, and in the same form as dividends actually paid on shares of the common stock. Except as otherwise required by law, the Series A Convertible Preferred Stock does not have voting rights.

The Company also entered into a registration rights agreement with the purchasers requiring the Company to register the shares of common stock, issuable upon the conversion of the Series A Convertible Preferred Stock. The shares have been registered for resale on an effective registration statement on Form S-1.

The following conversions of Series A Convertible Preferred Stock occurred subsequent to the issuance and prior to June 30, 2024:

Date of Conversion	Series A Shares Converted	Common Shares Issued
July 5, 2023	1,750	109,355
July 24, 2023	875	54,678
January 24, 2024	875	54,678

Each share of Series A Convertible Preferred Stock is convertible into approximately 62.5 shares of common stock. The common stock was issued pursuant to the exemption contained in Section 3(a)(9) of the Securities Act of 1933, as amended (the "Act"), which applies to transactions in which a security is exchanged by an issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. The shares issued have been registered for resale on an effective registration statement on Form S-1.

Note 15. Stock-Based Compensation

2018 Equity Incentive Plan

In September 2018, the Company's board of directors adopted, and the Company's stockholders approved, the 2018 Equity Incentive Plan (the "2018 Plan") which provided for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units, performance-based stock awards and other forms of equity compensation to the Company's employees, directors and consultants. In July 2023, the 2018 Plan was

replaced by the 2023 Equity Incentive Plan (the "2023 Plan"), as described below. As of July 2023, no additional awards could be made under the 2018 Plan and no shares of common stock were reserved for future issuance.

2018 Employee Stock Purchase Plan

In September 2018, the Company adopted the 2018 Employee Stock Purchase Plan (the “ESPP”) which permitted eligible employees to purchase the Company’s common stock at a discount through payroll deductions during defined offering periods. Eligible employees could elect to withhold up to 15% of their base earnings to purchase shares of the Company’s common stock at a price equal to 85% of the fair market value on the first day of the offering period or the purchase date, whichever was lower. The number of shares of common stock reserved for issuance under the ESPP automatically increased on January 1 of each fiscal year by the lesser of (1) 23 shares, (2) 1.25% of the total number of shares outstanding on December 31 of the preceding fiscal year, or (3) such other amount as the Company’s board of directors may determine.

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The Company paused the ESPP in May 2022 and in April 2024, the Company formally terminated the ESPP. For the three and six months ended June 30, 2024 and 2023, no cash was received from the exercise of purchase rights under the ESPP in each respective period.

As of June 30, 2024, the Company had issued 95 shares of common stock since inception of the ESPP, and no shares were reserved for future issuance.

As of December 31, 2023, the Company had issued 95 shares of common stock since inception of the ESPP, and 2 shares were reserved for future issuance.

Upon termination of the ESPP in April 2024, the reserved shares were released back to the authorized pool.

2020 Inducement Equity Incentive Plan

In March 2020, the Company adopted the 2020 Inducement Equity Incentive Plan (the "2020 Plan") for the purpose of attracting, retaining and incentivizing employees in furtherance of the Company's success. The 2020 Plan was adopted without stockholder approval pursuant to Rule 303A.08 of the New York Stock Exchange. The 2020 Plan is used to offer equity awards as material inducements for new employees to join the Company. Upon adoption of the 2020 Plan, 64 shares of common stock were reserved for the granting of inducement stock options, restricted stock awards, restricted stock units and other forms of equity awards. As of June 30, 2024 and December 31, 2023, zero and 54 shares of common stock were reserved for future issuance under the 2020 Plan. In April 2024, the Company terminated the 2020 Plan at which time the reserved shares were released back to the authorized pool.

Stock Options Assumed in Merger *(See Note 3, Business Combination)*

At the closing of the Merger, each outstanding option to purchase Old Catheter common stock that had not previously been exercised prior to the closing of the Merger was assumed and converted into options to purchase 75,365 shares of the Company's common stock ("Replacement Options"). Additionally, no Old Catheter options were amended in connection with the Merger. All the Replacement Options vested in accordance with the original terms of the grants in place at the time of the Merger. As a result, $3.4 million of purchase price consideration, which represented the estimated fair value of Old Catheter's assumed stock options, and $1.1 million of stock-based compensation expense, which represents the excess of the estimated fair value of the Replacement Options over the assumed Old Catheter stock options, were recognized upon the closing of the Merger.

2023 Equity Incentive Plan

In July 2023, the Company's stockholders approved, the 2023 Plan, as defined above, which provided for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units, performance-based stock awards and other forms of equity compensation to the Company's employees, directors and consultants. Stock options granted under the 2023 Plan to employees and consultants generally will vest annually over a five-year period or as determined by the Board's Compensation Committee, while grants to non-employee directors generally vest quarterly over a three-year period. As of June 30, 2024 and December 31, 2023, 9,653 and 50,186 shares of common stock were reserved for future issuance pursuant to the 2023 Plan. The number of shares available for issuance under the 2023 Plan also includes a quarterly increase commencing on September 1, 2023 by an amount equal to the lesser of (i) 10% of the number equal to the number of shares of common stock outstanding on the applicable adjustment date less the number of shares of common stock outstanding at the beginning of the fiscal quarter immediately preceding the adjustment date, but if such number is a negative number, then the increase will be zero; or (ii) such lesser number of shares as may be determined by the Board.

On January 8, 2024, the Board approved the issuance of a total of 28,500 non-qualified stock options under the 2023 Plan. 7,500 of these non-qualified options were issued to non-employee directors that vest at 8 1/3% per quarter for 3 years with an exercise price of $4.00 and expiration date of January 8, 2034. The remaining 21,000 non-qualified options were issued to employees and consultants and vest at 20% per year for 5 years with an exercise price of $4.00 and expiration date of January 8, 2034.

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On February 26, 2024, the Board approved the issuance of a total of 15,000 incentive stock options under the 2023 Plan. All options were issued to employees and vest at 20% per year for 5 years with an exercise price of $4.20 and expiration date of February 26, 2034 .

On April 24, 2024, the Board approved the issuance of a total of 12,500 incentive stock options under the 2023 Plan. All options were issued to employees and vest at 20% per year for 5 years with an exercise price of $4.60 and expiration date of April 24, 2034 .

The 2023 Plan options issued during the six months ended June 30, 2024 were valued at approximately $ 227 thousand using the Black-Scholes model based on the following assumptions on the date of issue:

	Non-Employee Director Options Issued January 8, 2024	Employee Options Issued January 8, 2024	Employee Options Issued February 26, 2024	Employee Options Issued April 24, 2024
Risk-free interest rate	4.01%	4.01%	4.28%	4.65%
Volatility	175.36%	175.36%	178.14%	211.61%
Expected dividend yield	0%	0%	0%	0%
Expected life (in years)	6.5	6.5	6.5	6.5

Non-Plan Options Issued

On April 24, 2024, the Board approved the issuance of a total of 25,000 Non-Plan Options as an employment incentive for the position of Chief Commercial Officer. The options were issued on May 1, 2024, the first day of employment and vest at 20% per year for 5 years with an exercise price of $5.321 and an expiration date of May 1, 2034.

The non-plan options issued during the quarter ended June 30, 2024 were valued at approximately $ 131 thousand using the Black-Scholes model based on the following assumptions on the date of issue:

	Non-Plan Options Issued May 1, 2024
Risk-free interest rate	4.63%

Volatility	211.61%
Expected dividend yield	0%
Expected life (in years)	6.5

The following is a summary of stock option activity for the six months ended June 30, 2024:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2023	21,465	$ 64.71	6.38	$ —
Options exercised	—	$ —	—	—
Options granted	81,000	$ 4.54	—	—
Canceled/forfeited	(11,005)	$ 4.17	—	—
Outstanding at June 30, 2024	91,460	$ 18.70	8.72	$ 87,825.12
Vested and expected to vest at June 30, 2024	91,460	$ 18.70	8.72	$ 87,825.12
Exercisable at June 30, 2024	21,084	$ 65.71	5.38	$ 1,156.08

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Restricted Stock Units

All restricted stock units have been forfeited or vested as of December 31, 2023.

Restricted Stock Awards

All restricted stock awards have been forfeited or vested as of December 31, 2023.

Stock-based compensation expense for the three and six months ended June 30, 2024 was $ 13 thousand and $19 thousand respectively, in the Company's condensed consolidated statements of operations. Stock-based compensation expense for the three and six months ended June 30, 2023 was $(174) thousand and $1.2 million respectively, in the Company's condensed consolidated statements of operations.

Total unrecognized estimated stock-based compensation expense by award type and the remaining weighted average recognition period over which such expense is expected to be recognized at June 30, 2024 was as follows:

	Unrecognized Expense (in thousands)	Remaining Weighted Average Recognition Period (in years)
Stock options	$ 300	4.5
Restricted stock awards	$ —	—
Restricted stock units	$ —	—

Note 16. Income Taxes

The Company recorded no provision or benefit for income tax expense for the three and six months ended June 30, 2024 and 2023.

For all periods presented, the pretax losses incurred by the Company received no corresponding tax benefit because the Company concluded that it is more likely than not that the Company will be unable to realize the value of any resulting deferred tax assets. The Company will continue to assess its position in future periods to determine if it is appropriate to reduce a portion of its valuation allowance in the future.

As of June 30, 2024, the Company has an open sales and use tax audit with California Department of Tax and Fee Administration covering the period from October 1, 2020 through March 31, 2023.

Note 17. Commitments and Contingencies

In the normal course of business, the Company is at times subject to pending and threatened legal actions. In management's opinion, any potential loss resulting from the resolution of these matters will not have a material effect on the results of operations, financial position or cash flows of the Company.

As of June 30, 2024, the Company had no outstanding litigation.

Note 18. Employee Benefit Plan

In January 2019, the Company established a defined contribution plan under Section 401(k) of the Internal Revenue Code ("401(k) Plan"). Under the terms of the 401(k) Plan, all full-time employees were eligible to make voluntary contributions as a percentage or defined amount of compensation. The Company made matching contributions based on 100% of each employee's contribution up to 3% and 50% of contributions between 3% and 5%, with the match-eligible contribution limited to 4% of the employee's eligible compensation. The Company cancelled the 401(k) Plan effective March 10, 2023 and distributed all assets held by the 401(k) Plan to the participants. The Company had no expenses related to the matching contributions for the three and six months ended June 30, 2024 and 2023.

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Note 19. Related Parties

Prior to the Merger, David A. Jenkins, the Company's current Executive Chairman of the Board and Chief Executive Officer, and Old Catheter's then Chairman of the Board of Directors, and his affiliates held approximately $25.1 million of Old Catheter's Convertible Promissory Notes, or the Notes, that were converted in the Old Catheter merger into 7,856.251 shares of Series X Convertible Preferred Stock (see Note 3, Business Combination, and Note 14, Preferred Stock). In consideration for forgiving the interest accrued but remaining unpaid under the Notes in an aggregate amount of approximately $13.9 million, Mr. Jenkins and his affiliates also received royalty rights equal to approximately 12% of the net sales, if any, of LockeT, commencing upon the first commercial sale and through December 31, 2035 (see Note 10, Royalties Payable).

In addition to the shares described above that were issued in connection with the Notes, Mr. Jenkins and his affiliates received 1,325.838 shares of Series X Convertible Preferred Stock in the merger, and Mr. Jenkins' adult children received 1,284.344 shares of Series X Convertible Preferred Stock in the merger, all in exchange for their equity interests in Old Catheter in accordance with the merger exchange ratio.

In connection with the Merger (see Note 3, Business Combination), the Company assumed $ 1.4 million of accrued expenses and advances, of which $1.1 million was due to Mr. Jenkins and was paid on January 10, 2023.

Mr. Jenkins' daughter, the Company's non-executive Chief Operating Officer, received options to purchase 14,416 shares of the Company's common stock upon the closing of the merger in exchange for her options to purchase shares of Old Catheter common stock, converted based on the exchange ratio in the merger. Of the total options to purchase 14,416 shares of the Company's common stock, 14,081 options have an exercise price of $5.90 per share, and the remaining 335 options have an exercise price of $20.20 per share.

Margrit Thomassen, the Company's Interim Chief Financial Officer, received options to purchase 1,676 shares of the Company's common stock upon the closing of the merger in exchange for her options to purchase shares of Old Catheter common stock, converted based on the exchange ratio in the merger. The options have an exercise price of $5.90 per share. In January 2024, she received an option to purchase 2,500 shares of the Company's common stock under the 2023 Plan. The options have an exercise price of $4.00 per share, vest at 20% per year for 5 years and expire in January 2034.

Following stockholder approval on March 21, 2023, the Company issued 99,182 shares of common stock to Mr. Jenkins and affiliates upon conversion of 991.828 shares of Series X Convertible Preferred Stock, and 23,532 shares of common stock to his adult children upon conversion of 235.320 shares of Series X Convertible Preferred Stock.

On May 1, 2024, Marie-Claude Jacques, the Company's Chief Commercial Officer, received a non-plan option to purchase 25,000 shares of the Company's common stock. The options have an exercise price of $5.321 per share, vest at 20% per year for 5 years and expire in May 2034.

On May 30, 2024, the Company entered into the May Related Party Note (see Note 9, Notes Payable) with Mr. Jenkins, where Mr. Jenkins loaned $500,000 to the Company in exchange for the Note. The May Related Party Note has a maturity date of August 30, 2024, and bears interest at the rate of 8% per annum.

On June 25, 2024, the Company entered into the June Related Party Note (see Note 9, Notes Payable) with an affiliate of Mr. Jenkins, where the affiliate loaned $150,000 to the Company in exchange for the Note. The June Related Party Note has a maturity date of August 30, 2024 and bears interest at a rate of 8% per annum.

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Note 20. Subsequent Events

2023 Equity Incentive Plan

On July 3, 2024, at the annual meeting of stockholders of the Company, the stockholders of the Company approved an additional 200,000 shares of common stock for issuance pursuant to the Company's 2023 Equity Incentive Plan.
On July 9, 2024, the Board approved the issuance of a total of 10,000 incentive stock options under the 2023 Plan. All options were issued to employees and vest at 20% per year for 5 years with an exercise price of $3.50 and expiration date of July 9, 2034 .

Amendment to the Amended and Restated Certificate of Incorporation

On July 3, 2024, at the annual meeting of stockholders of the Company, the stockholders approved an amendment to the Amended and Restated Certificate of Incorporation of the Company (the "Amendment") which included a decrease in the authorized common stock and authorization for the Board, in its discretion, to effect a reverse stock split within specified parameters. The Amendment was effective July 15, 2024, reducing the authorized common stock to 30 million shares and effecting a reverse stock split in which each ten (10) shares of the Company's common stock , par value $0.0001 per share, issued and outstanding immediately prior to the effective time automatically combined into one (1) validly issued, fully paid and non-assessable share of common stock, par value $0.0001 per share. The financial statements have been retrospectively adjusted to reflect the reverse stock split of the Company's common stock for all periods presented.

Issuance of Securities in Private Placement

The Company issued common stock in connection with the following conversions of its Series A Convertible Preferred Stock:

Conversion Date	Issue Date	Shares Common Stock Issued	Shares of Series A Convertible Preferred Converted
7/1/2024	7/2/2024	81,423	1,303
7/11/2024	7/15/2024	62,489	1,000
7/22/2024	7/23/2024	62,500	1,000
7/23/2024	7/24/2024	25,000	400

Each share of Series A Convertible Preferred Stock was convertible into approximately 62.5 shares of common stock. The common stock was issued pursuant to the exemption contained in Section 3(a)(9) of the Securities Act of 1933, as amended, which applies to transactions in which a security is exchanged by an issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. The shares issued have been registered for resale on an effective registration statement on Form S-1.

After the final conversion on July 23, 2024, the Company had no shares of Series A Convertible Preferred Stock outstanding.

8% Short Term Promissory Notes (collectively, the " Quarter Three Related Party Notes")

On July 1, 2024 and July 18, 2024, the Company entered into two Short-Term Promissory Notes (the "First July Related Party Note" and the "Second July Related Party Note") with an affiliate of Mr. Jenkins, where the affiliate loaned $250,000 and $100,000, respectively, to the Company in exchange for the Notes. The Notes have a maturity date of August 30, 2024 and bear interest at a rate of 8% per annum.

On July 25, 2024, the Company entered into a Short-Term Promissory Note (the "Third July Related Party Note") with a Trust, of which Mr. Jenkins' adult daughter is the trustee, where the Trust loaned $500,000 to the Company in exchange for the Note. The Note has a maturity date of August 30, 2024 and bears interest at a rate of 8% per annum.

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

Special Note Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q, or Quarterly Report, contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available. This section should be read in conjunction with our unaudited condensed financial statements and related notes included in Part I, Item 1 of this report. The statements contained in this Quarterly Report that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements can be identified by words such as "believe," "anticipate," "may," "might," "can," "could," "continue," "depends," "expect," "expand," "forecast," "intend," "predict," "plan," "rely," "should," "will," "may," "seek," or the negative of these terms or and other similar expressions, although not all forward-looking statements contain these words. These statements include, but are not limited to, our expectations regarding CE Mark approval for LockeT. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including, but not limited to, those described in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2023. These risks include, but are not limited to, that: we will be required to raise additional funds to finance our operations and continue as a going concern , and we may not be able to do so when necessary, and/or the terms of any financings may not be advantageous to us, our business has a history of losses, will incur additional losses, and may never achieve profitability, we have identified material weaknesses in our internal control over financial reporting and these material weaknesses could adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner, compliance with Sarbanes-Oxley Act Section 404 could have a material adverse impact on our business, we will not be able to reach profitability unless we are able to achieve our product expansion and growth goals; our VIVO launch plans require significant investment in infrastructure and sales representatives, our research and development and commercialization efforts may depend on entering into agreements with corporate collaborators, we have entered into joint marketing agreements with respect to our products, and may enter into additional join marketing agreements, that will reduce our revenues from product sales, royalty agreements with respect to LockeT, the surgical vessel closing pressure device, will reduce any future profits from this product, if we experience significant disruptions in our information technology systems, our business may be adversely affected, litigation and other legal proceedings may adversely affect our business, if we make acquisitions or divestitures, we could encounter difficulties that harm our business, failure to attract and retain sufficient qualified personnel could also impede our growth, our revenues may depend on our customers' receipt of adequate reimbursement from private insurers and government sponsored healthcare programs, we may be unable to compete successfully with companies in our highly competitive industry, many of whom have substantially greater resources than we do, our future operating results depend upon our ability to obtain components in sufficient quantities on commercially reasonable terms or according to schedules, prices, quality and volumes that are acceptable to us, and suppliers may fail to deliver components, or we may be unable to manage these components effectively or obtain these components on such terms, if hospitals, physicians and patients do not accept our current and future products or if the market for indications for which any product candidate is approved is smaller than expected, we may be unable to generate significant revenue, if any, the recent coronavirus outbreak ("COVID-19") adversely affected our financial condition and results of operations and we cannot provide any certainty as to whether there will be future impacts from COVID-19 or another pandemic, a variety of risks associated with marketing our products internationally could materially adversely affect our business, the impact of the military conflicts in Ukraine and Israel, and the actions that have been and could be taken by other countries, including new and stricter sanctions and actions taken in response to such sanctions, have affected, and may continue to affect, our business and results of operations, including our supply chain, if the third parties on which we rely for the conduct of our clinical trials and results do not perform our clinical trial activities in accordance with good clinical practices and related regulatory requirements, we may be unable to obtain regulatory approval for or commercialize our product candidates, we may be adversely affected by product liability claims, unfavorable court decisions or legal settlements, our ability to use our net operating loss carryforwards may be limited, we may have to make milestone payments under the Settlement Agreement we entered into with the Department of Justice ("DOJ"), we are subject to pervasive and continuing regulation by the FDA and other regulatory agencies. Our products may be subject to additional recalls, revocations or suspensions after receiving FDA or foreign approval or clearance, which could divert managerial and financial resources, harm our reputation, and adversely affect our business, changes in trade policies among the United States ("U.S.") and other countries, in particular the imposition of new or higher

tariffs, could place pressure on our average selling prices as our customers seek to offset the impact of increased tariffs on their own products, increased tariffs or the imposition of other barriers to international trade could have a material adverse effect on our revenues and operating results, product clearances and approvals can often be denied or significantly delayed, although we have obtained regulatory clearance for our VIVO and LockeT products in the U.S. and certain non-U.S. jurisdictions, our business plans include expanding uses for our products, which will require additional clearances; and even after clearance is obtained, our products remain subject to extensive regulatory scrutiny, if we or our suppliers fail to comply with the FDA's Quality System Regulation, or QSR, or any applicable state equivalent, our operations could be interrupted, and our potential product sales and operating results could suffer, our products may be subject to additional recalls, revocations or suspensions after receiving FDA or foreign approval or clearance, which could divert managerial and financial resources, harm our reputation, and adversely affect our business, if any of our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be required to report under applicable medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions, healthcare reform initiatives and other administrative and legislative proposals may adversely affect our business, financial condition, results of operations and cash flows in our key markets, and if we are unable to obtain and maintain patent protection for our products, our competitors could develop and commercialize products and technology similar or identical to ours, and our ability to successfully commercialize our existing products and any products we may develop, and our technology may be adversely affected.

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These forward-looking statements reflect our beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this Quarterly Report and are subject to risks and uncertainties. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. We qualify all of the forward-looking statements in this Quarterly Report by these cautionary statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, whether as a result of new information, future events or otherwise.

This Quarterly Report also contains estimates, projections and other information concerning our industry, our business, and the markets for certain diseases, including data regarding the estimated size of those markets. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information. Unless otherwise expressly stated, we obtained this industry, business, market, and other data from reports, research surveys, studies, and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data, and similar sources.

References to “we”, “us”, “our” and “the Company” refer to Catheter Precision, Inc.

Overview

Catheter Precision, Inc. ("Catheter" or the "Company or "Legacy RA Medical") was incorporated in California on September 4, 2002, and reincorporated in Delaware in July 2018. Catheter was initially formed to develop, commercialize and market its advanced excimer laser-based platform for use in the treatment of vascular and dermatological immune-mediated inflammatory diseases.

On January 9, 2023, the Company merged with the former Catheter Precision, Inc., or “Old Catheter”, a privately-held Delaware corporation (the “Merger”), and the business of Old Catheter became a wholly owned subsidiary of the Company, which today is our only operating subsidiary. Following the Merger, we discontinued the Company’s legacy lines of business and the use of any of its DABRA-related assets. For further information about these historical lines of business, see “Item 1. Business” of the Company’s Form 10-K for the fiscal year ended December 31, 2021. Since the Merger, we have shifted the focus of our operations to Old Catheter’s product lines. Accordingly, our current activities primarily relate to Old Catheter’s historical business which comprises the design, manufacture and sale of new and innovative medical technologies focused in the field of cardiac electrophysiology, or “EP.”

One of our two primary products is the View into Ventricular Onset (“VIVO” or “VIVO System”). VIVO is a non-invasive imaging system that offers 3D cardiac mapping to help with localizing the sites of origin of idiopathic ventricular arrhythmias in patients with structurally normal hearts prior to EP procedures.

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Our newest product, LockeT, is a suture retention device indicated for wound healing by distributing suture tension over a larger area in the patient in conjunction with a figure of eight suture closure. LockeT is intended to temporarily secure sutures and aid clinicians in locating and removing sutures efficiently.

Our product portfolio also includes the Amigo ® Remote Catheter System, or Amigo, a robotic arm that serves as a catheter control device. Prior to 2018, Old Catheter marketed Amigo. We own the intellectual property related to Amigo, and this product is under consideration for future research and development of a generation 2 product.

Pre-Merger Operations

The Company owns intellectual property related to an advanced excimer laser-based platform for use in the treatment of vascular immune-mediated inflammatory diseases. The Destruction of Arteriosclerotic Blockages by laser Radiation Ablation, laser and single-use catheter, together referred to as the DABRA Excimer Laser System or DABRA, was developed as a tool in the treatment of Peripheral Artery Disease which commonly occurs in the legs. The Company also previously marketed the Pharos laser which was used to treat proliferative skin conditions. The Company completed the sale of its Pharos laser business, or Dermatology Business, to STRATA Skin Sciences, Inc. on August 16, 2021.

In June 2022, the board of directors reviewed strategic alternatives, and as a result, the Company paused all engineering activities related to DABRA in June 2022. The Company ceased marketing the DABRA Excimer Laser System and does not currently intend to commercialize the DABRA 2.0 catheter.

Post-Merger Operations

Looking forward, we do not expect to use our legacy DABRA-related assets or continue the Company's legacy lines of business, but instead have shifted the focus of our operations to Old Catheter's product lines. Accordingly, our current activities primarily relate to Old Catheter's historical business, which comprises the design, manufacture and sale of new and innovative medical technologies focused in the field of cardiac electrophysiology, or EP.

One of our two primary products is the VIVO System. We are focused on the design, market development and usage adoption of our VIVO System by cardiac electrophysiologists to enhance their ability to diagnose and treat cardiac arrhythmias. We have completed development, received regulatory clearance, and initiated sales of the VIVO System in the U.S. and Europe ("EU").

Our business strategy is to become a leading medical imaging company in the field of cardiac electrophysiology, and we are dedicated to developing and delivering electrophysiology products to provide patients, hospitals, and physicians with novel technologies and solutions to improve the lives of patients with cardiac arrhythmias. We aim to establish VIVO as an integral tool used by cardiac electrophysiologists during ablation treatment of ventricular arrhythmias by reducing procedure time and patient complications and increasing procedural success.

We have received FDA clearance to market and promote the VIVO System in the U.S. as a pre-procedure planning tool for patients with structurally normal hearts undergoing ablation treatment for idiopathic ventricular arrhythmias. VIVO allows for the acquisition, analysis, display and storage of cardiac electrophysiological data and maps for analysis by a physician. We began a limited commercial launch of VIVO in 2021 and to date, VIVO has been utilized in more than 1,000 procedures in the U.S. and EU by over 30 physicians, with no reported device-related complications.

We have been cleared to label the VIVO System with the CE Mark in the EU and certain other countries. The CE Mark designation, which affirms the product's conformity with European health, safety, and environmental protection standards, allows us to market that product in countries that are members of the EU and the European Free Trade Association. Catheter has commenced limited sales of the VIVO System in Europe and the UK through independent distributors. Catheter's international distributors are supported by two EU based full time consultants.

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In addition, our newest product, LockeT, a suture retention device, is a sterile, Class I product that was registered with the FDA in February 2023, at which time we began initial shipments to distributors. In May 2024, we recognized our first sale of LockeT. In May 2023, Catheter submitted LockeT for CE Mark approval. CE Mark approval is expected in the second half of 2024, at which time initial international shipments to distributors will begin. LockeT is indicated for wound healing by distributing suture tension over a larger area in the patient in conjunction with a figure of eight suture closure, and it is intended to temporarily secure sutures and aid clinicians in locating and removing sutures efficiently.

Clinical studies for LockeT began during the year ended December 31, 2023. The three phases of the current studies are planned to show the product's effectiveness and benefits, including faster wound closure, earlier ambulation, potentially leading to early hospital discharge, and lower costs for the healthcare provider and/or insurance payor. This data is intended to provide crucial data for marketing and to expand our indications for use with the FDA.

Recent Developments

Reverse Stock Split

On July 3, 2024, at the annual meeting of shareholders of the Company, the shareholders approved an amendment to the Amended and Restated Certificate of Incorporation of the Company (the "Amendment") which included a decrease in the authorized common stock and authorization for the Board, in its discretion, to effect a reverse stock split within specified parameters. The Amendment was effective July 15, 2024, reducing the authorized common stock to 30 million shares and effecting a reverse stock split in which each ten (10) shares of the Company's common stock, par value $0.0001 per share, issued and outstanding immediately prior to the effective time automatically combined into one (1) validly issued, fully paid and non-assessable share of common stock, par value $0.0001 per share.

No fractional shares were issued as a result of the Reverse Stock Split. Stockholders who would otherwise have been entitled to receive a fractional share were entitled to receive their pro rata portion of the net proceeds obtained from the aggregation and sale by the exchange agent of the fractional shares resulting from the reverse stock split (reduced by any customary brokerage fees, commissions and other expenses). The financial statements and

all share and per share information contained in this Form 10-Q have been retrospectively adjusted to reflect the Reverse Stock Split of the Company's common stock for all periods presented.

Expansion of Sales Force

Beginning in the first quarter of 2024, we began to rejuvenate our sales force with plans to engage a new Chief Commercial Officer ("CCO"). As of August 1, 2024, ten sales people and three clinical support staff have been hired, along with the new CCO.

Settlement Agreements with the Department of Justice and Participating States

On December 28, 2020, the Company entered into a settlement agreement with the U.S., acting through the Department of Justice ("DOJ") and on behalf of the Office of Inspector General, and other settlement agreements with certain state attorneys general (collectively the "Settlement Agreements"), to resolve investigations and a related civil action concerning its marketing of the DABRA laser system and DABRA-related remuneration to certain physicians. Pursuant to the terms of the Settlement Agreements, if the Company was acquired or was otherwise involved in a change in control transaction (as defined in the Settlement Agreements) before the end of 2024, the Company was required to pay a settlement amount of $5.0 million. As a result of the Merger, the Company made payments of $4.7 million and $0.3 million to the DOJ and participating states, respectively, in February 2023.

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Warrant Inducement Offer

On January 9, 2023, we reduced the exercise price of certain existing warrants, or the Existing Warrants, exercisable for 33,161 shares of the Company's common stock held by a certain investor (the “Investor”), with exercise prices ranging from $140.00 to $5,265 per share to $40.00 per share, or the Warrant Repricing. In connection with the Warrant Repricing, we entered into a warrant inducement offer letter, or the Inducement Letter, with the Investor pursuant to which it would exercise up to all of the 33,161 Existing Warrants, or the Inducement Offer. In consideration for exercising the Existing Warrants pursuant to the terms of the Inducement Letter, we received approximately $1.3 million in gross proceeds. We paid the placement agent aggregate cash fees of approximately $0.2 million related to the Inducement Offer which represented 8.0% of the gross proceeds received from the Inducement Offer plus other offering costs. In consideration for exercising the Existing Warrants pursuant to the terms of the Inducement Letter, we issued the Investor a new Series E common stock purchase warrant, or Series E Warrant, to purchase 33,161 shares of common stock at an exercise price of $40.00 per share. The Series E Warrant is exercisable for five years from the date of stockholder approval. Exercise of the Series E Warrant in full was approved by the Company's stockholders at the special Stockholders’ Meeting held on March 21, 2023. The incremental fair value of the repriced warrants amounted to $0.3 million and the fair value of Series E warrant totaled $1.9 million. The relative fair values of such amounts were recorded to additional paid-in capital concurrent with the exercise of the Existing Warrants. The Company registered the shares of common stock underlying the Series E Warrant for resale in February 2023.

Securities Purchase Agreement

On January 9, 2023, we entered into a Securities Purchase Agreement (the "Securities Purchase Agreement"), for a private placement (the "Private Placement"), with the Investor. Pursuant to the Securities Purchase Agreement, on March 23, 2023, the Investor purchased, for an aggregate purchase price of approximately $8.0 million, (a) 497,908 Class A Units at a price of $1.60029 per Class A Unit, each consisting of one tenth of one share of common stock, one tenth of one Series F Common Stock Purchase Warrant, or Series F Warrant, and one tenth of one Series G Common Stock Purchase Warrant, or Series G Warrant, and together with the Series F Warrant, the PIPE Warrants, and (b) 4,501,060 Class B Units at a price of $1,000 per unit, each consisting of one share of a new series of the Company's preferred stock, designated as Series A Convertible Preferred Stock, par value $0.0001, or the PIPE Preferred Stock, and one tenth of one Series F Warrant and one tenth of one Series G Warrant for each share of the Company's common stock underlying the PIPE Preferred Stock, each share of which is convertible into approximately 62.5 shares of the Company's common stock, or the Preferred Conversion Rate. The closing under the Securities Purchase Agreement and the sale and issuance of the Class A Units and Class B Units (and the issuance of any underlying common stock) was approved at the special Stockholders' Meeting held March 21, 2023.

The PIPE Warrants are exercisable at an exercise price of $30.00 per share, subject to adjustments as provided under the terms of the PIPE Warrants. The PIPE Warrants are exercisable at any time until the expiration thereof, except that the PIPE Warrants cannot be exercised if, after giving effect thereto, the purchaser would beneficially own more than 4.99%, or the Maximum Percentage, of the outstanding shares of common stock of the Company, which Maximum Percentage may be increased or decreased by the purchaser with written notice to the Company to any other percentage specified not in excess of 9.99%. The Series F Warrants have a term of two years from the date of stockholder approval, and the Series G Warrants have a term of six years from the date of stockholder approval. Stockholder approval of the Series F Warrants and Series G Warrants was obtained at the special Stockholders' Meeting held on March 21, 2023.

Shares of PIPE Preferred Stock, the conversion of which was approved at the special Stockholders' Meeting held on March 21, 2023, convert into common stock at the option of the holder at the Preferred Conversion Rate, subject to certain ownership limitations as described below. The conversion price is subject to adjustment in the case of stock splits, stock dividends, combinations of shares and similar recapitalization transactions.

Subject to limited exceptions, holders of shares of PIPE Preferred Stock do not have the right to convert any portion of their Preferred Stock if the holder, together with its affiliates, would beneficially own in excess of 9.99% of the number of shares of the Company's common stock outstanding immediately after giving effect to its conversion.

Holders of PIPE Preferred Stock are entitled to receive dividends on shares of PIPE Preferred Stock equal, on an as-if-converted-to-common stock basis, and in the same form as dividends actually paid on shares of the common stock. Except as otherwise required by law, the PIPE Preferred Stock does not have voting rights. However, as long as any shares of PIPE Preferred Stock are outstanding, the Company will not, without the affirmative vote of the holders of a majority of the then outstanding shares of the PIPE Preferred Stock, (a) alter or change adversely the powers, preferences or rights given to the PIPE Preferred Stock, (b) alter or amend the Certificate of Designation for the PIPE Preferred Stock, (c) amend its certificate of incorporation or other charter documents in any manner that adversely affects any rights of the holders of PIPE Preferred Stock, (d) increase the number of authorized shares of PIPE Preferred Stock, or (e) enter into any agreement with respect to any of the foregoing. The PIPE Preferred Stock does not have a preference upon any liquidation, dissolution or winding-up of the Company. The holders of PIPE Preferred Stock shall be entitled to receive out of the assets, whether capital or surplus, of the Company the same amount that a holder of the Company's common stock would receive if the PIPE Preferred Stock were fully converted (disregarding for such purposes any conversion limitations) to the Company's common stock, which amounts will be paid pari passu with all holders of the Company's common stock.

The Company also entered into a registration rights agreement with the purchasers requiring the Company to register the resale of the shares of its common stock, the shares issuable upon exercise of the PIPE Warrants and the shares issuable upon the conversion of the PIPE Preferred Stock. These registration statements were declared effective in April 2023.

The net proceeds from the Private Placement and the Warrant Repricing have been used to advance the development and commercialization of our novel electrophysiology technologies and solutions and to support general corporate purposes.

Conversion of Series *X Convertible Preferred Stock*

On March 21, 2023, the Company held a special meeting of stockholders (the "Stockholders' Meeting"), at which the stockholders approved, among other things, the issuance of 199,359 shares of common stock upon conversion of 1,993.581 shares of Series X Convertible Preferred Stock which were issued upon the closing of the Merger (see Note 3, Business Combination of our accompanying unaudited consolidated financial statements). On March 23, 2023, the Company issued 197,491 shares of common stock upon the conversion of 1,974.905 shares of Series X Convertible Preferred Stock. On October 24, 2023, the remaining 1,868 shares of common stock were issued upon the conversion of 18.676 shares of Series X Convertible Preferred Stock. The remaining 12,656.011 shares of Series X Convertible Preferred Stock are expected to remain outstanding until at least July 9, 2024, and will convert thereafter up to 1,265,601 shares of common stock, only if the Company meets the initial listing standards of the NYSE American or another

national securities exchange or is delisted from the NYSE American.

Issuance of Securities upon Conversion of Series A Preferred

The following conversions of Series A Convertible Preferred Stock occurred subsequent to issuance:

Conversion Date	Shares Common Stock Issued	Shares of Series A Convertible Preferred Converted
7/3/2023	109,355	1,750
7/24/2023	54,678	875
1/24/2024	54,678	875
7/1/2024	81,423	1,303
7/11/2024	62,489	1,000
7/22/2024	62,500	1,000
7/24/2024	25,000	400

Each share of Series A Convertible Preferred Stock is convertible into approximately 62.5 shares of common stock. All series A Convertible Preferred Stock has been converted and no shares are outstanding subsequent to the last conversion on July 23, 2024.

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Adoption of 2023 Equity Incentive Plan

On July 11, 2023, we held an Annual Meeting where our stockholders approved the 2023 Equity Incentive Plan ("2023 Plan") that authorizes us to grant options, restricted stock and other equity-based awards. No issuance of options were granted under the 2023 Plan during the year ended December 31, 2023. As of June 30, 2024, options to purchase an aggregate of 46,000 shares were outstanding and 9,653 shares remain available for grant under the 2023 Plan, subject to adjustment as provided therein. In July 2024, the shareholders approved an additional 200,000 shares of common stock for issuance under the plan.

Components of our Results of Operations for the Three and Six Months Ended June 30, 2024 and 2023

Revenues

Product sales revenues prior to the Merger consisted of sales of catheters for use with the DABRA laser in our atherectomy clinical trials.

After the Merger, our legacy DABRA laser is no longer in use and we have shifted the focus of our operations to Old Catheter's product lines. Accordingly, our current activities primarily relate to Old Catheter's historical business which comprises the design, manufacture and sale of new and innovative medical technologies focused in the field of cardiac electrophysiology, or EP.

One of our two primary products in 2024 is the VIVO System. The VIVO System offers 3D cardiac mapping to help with localizing the sites of origin of idiopathic ventricular arrhythmias in patients with structurally normal hearts prior to electrophysiology studies. In addition to the VIVO System, customers are provided with VIVO Positioning Patch Sets, which are custom patches, that are used in conjunction with the VIVO System to complete the intended output of the VIVO System. The delivery of the VIVO System, including the VIVO Positioning Patch Sets represents our primary performance obligation. We recognize revenue upon the delivery of the VIVO system. We also provide customers with the option to pay for software upgrades in advance at the time of the contract's inception. Software upgrades are stand-ready services, whereby we will provide software upgrade services to the customer when and as upgrades are available. Terms of the period covered by the payment of software upgrades in advance can range from one year to multiple years. Customers have the option to renew terms covered by software upgrades at the end of each term. The stand-ready software upgrades represent our second separate performance obligation and revenue is recognized over the term of the period.

We invoice the customers after physical possession and control of the VIVO System is transferred to the customer and recognize revenue upon delivery. The timing of payment for the corresponding invoices is dependent upon the credit terms identified in each contract. We invoice customers who pay for software upgrades in advance in conjunction with the invoice for the delivery of the VIVO System, and subsequent renewals of software upgrades are invoiced at the inception of the term. Revenue for these stand-ready services is recognized evenly over the term of the upgrade period, consistently with similar stand-ready services under ASC 606. Similar to the delivery of the VIVO System, the timing of payment for the corresponding invoices is dependent upon the credit terms identified in each contract. We have elected the practical expedient to expense costs to obtain a contract, as incurred, as opposed to recognizing the cost as an asset upon occurrence.

Our second primary product is LockeT. During the three months ended June 30, 2024, we recognized our first sales of LockeT. Revenue is recognized at the point in time that the product is delivered to the customer.

We are a business that has operations within multiple countries. During the three and six months ended June 30, 2024, approximately 35% and 38%, respectively, of our sales were derived from customers outside the United States.

Cost of Revenues

Cost of revenues for product sales consisted primarily of costs of components for use in our products, the labor used to produce our products, and the manufacturing overhead that supports production.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A"), expenses consist of employee-related costs, including salaries, benefits and stock-based compensation expenses. Other SG&A expenses include amortization of intangible assets and accretion of royalties payable acquired in the Merger (for the three months ended March 31, 2023), professional services fees, including legal, audit and tax fees, insurance costs, general corporate expenses and facility-related expenses.

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Research and Development Expenses

Research and development ("R&D"), expenses are expensed as incurred and include the following: research grants; product development; cost of clinical studies to support new products and product enhancements, including expanded indications; supplies used for internal R&D and clinical activities; and cost of outside consultants who assist with technology development and clinical affairs.

Results of Operations for the Three and Six Months Ended June 30, 2024 and 2023

The following table sets forth the results of the Company's operations for the periods presented ($ in thousands):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	Change	2024	2023	Change
Revenues	$ 93	$ 96	$ (3)	$ 175	$ 181	$ (6)
Cost of revenues	16	7	9	21	17	4
Selling, general and administrative expenses	2,713	1,415	1,298	5,369	11,648	(6,279)
Research and development expenses	81	134	(53)	118	374	(256)
Impairment charges	—	4,848	(4,848)	—	60,934	(60,934)
Change in fair value of royalties payable	(1,504)	4,617	(6,121)	(1,590)	4,617	(6,207)
Other income, net	1	115	(114)	28	199	(171)

Revenues

The decrease in revenues of approximately $3 thousand and $6 thousand for the three and six months ended June 30, 2024 as compared to the corresponding period in the prior year was due to lower product sales of the VIVO System products that was partially offset by our first LockeT product sales in 2024. LockeT sales for the three and six months ended June 30, 2024 were approximately $38 thousand for both periods.

Cost of Revenues

The increase in cost of revenues of approximately $9 thousand for the three months ended June 30, 2024 as compared to the corresponding period in the prior year was due to order fulfillment charges that are now being incurred for LockeT.

The increase in cost of revenues of approximately $4 thousand for the six months ended June 30, 2024 as compared to the corresponding period in the prior year was due to order fulfillment charges that are now being incurred for LockeT, offset by the lower cost of revenues of the VIVO Positioning Patches. During 2024 the manufacturing process was changed from 3D printing components of the VIVO Positioning Patches to the use of a cheaper

specialized mold. This new process also allowed for larger build quantities which in turn further reduced costs and led to a reduction in the manufacturing cost of VIVO Positioning Patches of approximately 40%.

Selling, General and Administrative Expenses

The increase in selling, general and administrative expenses of approximately $1.3 million for the three months ended June 30, 2024 as compared to the corresponding period in the prior year was due primarily to an increase in salaries and benefits of $0.3 million relating to the Company hiring additional sales force and CCO, an increase in depreciation and amortization of approximately $1.4 million that resulted from intangible assets acquired in the Merger, of which the useful lives and fair value of those intangible assets were finalized during the three months ended June 30, 2023, causing negative amortization during that period, partially offset by a decrease in legal fees of $0.1 million in 2024 as compared to legal fees incurred in 2023. Further, an increase in stock based compensation of approximately $0.2 million, was related to the one time stock compensation for Old Catheter stock options assumed in the Merger being adjusted during the three months ended June 30, 2023, a decrease of accounting/audit fees of approximately $0.3 million, a decrease in other selling, general and administrative expenses of $0.1 million, and a decrease of other professional fees of approximately $0.1 million also impacted selling, general and administrative expenses.

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The decrease in selling, general and administrative expenses of approximately $6.3 million for the six months ended June 30, 2024 as compared to the corresponding period in the prior year was due primarily to a decrease in salaries and benefits of $1.7 million relating to the Company's former Chief Executive Officer, and a decrease in legal fees of $2.1 million that were primarily incurred in connection with the Merger. Further, a decrease in stock based compensation of approximately $1.2 million, which was related to the one time stock compensation for Old Catheter stock options assumed in the Merger, a decrease of accounting/audit fees of approximately $0.7 million, a decrease of investor relations and SEC fees of approximately $0.1 million, a decrease in insurance of $0.1 million, a decrease in other selling, general and administrative expenses of $0.2 million, and a decrease of other professional fees of approximately $0.2 million also impacted selling, general and administrative expenses.

Research and Development Expenses

The decrease in research and development expenses of approximately $0.1 million for the three months ended June 30, 2024 as compared to the corresponding period in the prior year was due primarily to a decrease in regulatory affairs related expenditures of $0.1 million.

The decrease in research and development expenses of approximately $0.3 million for the six months ended June 30, 2024 as compared to the

corresponding period in the prior year was primarily due to a decrease in salaries and benefits of $0.1 million, a decrease in regulatory affairs related expenditures of $0.1 million, and a decrease in clinical costs of $0.1 million. This decrease was primarily the result of the discontinuation of the historical products of the Company that were previously under development.

Impairment Charges

We test for goodwill impairment at the reporting level annually in the fourth quarter or more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists. As a result of the Merger with Old Catheter the Company recognized $4.8 million and $60.9 million of goodwill for the three and six months ended June 30, 2023. Due to a sustained decrease in our share price during the quarters ended March 31, 2023 and June 30, 2023, we concluded that in accordance with ASC 350 a triggering event occurred indicating that potential impairment exists that required us to assess if impairment existed as of March 31, 2023 and June 30, 2023. In accordance with ASC 350 we performed a quantitative goodwill impairment test, which resulted in the carrying amount of the reporting unit exceeding its fair value, indicating that the goodwill of the reporting unit was impaired. We utilized a combination of an income and market approach to assess the fair value of the reporting unit as of March 31, 2023 and June 30, 2023. The income approach considered the discounted cash flow model, considering projected future cash flows (including timing and profitability), discount rate reflecting the risk inherent in future cash flows, perpetual growth rate, and projected future economic and market conditions while the guideline public company market approach considered marketplace earnings multiples from within a peer public company group. We recorded the impairment charge of $4.8 million and $60.9 million for the three and six month ended June 30, 2023 within loss on impairment of goodwill in the consolidated statement of operations. As of December 31, 2023, cumulative goodwill impairment charges of $60.9 million were incurred related to our single reporting unit. The remaining balance of goodwill was reduced to zero as of December 31, 2023.

For the three and six months ended June 30, 2024, no impairment charges were incurred.

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Change in fair value of royalties payable

As of the date of the Merger, the royalties payable was calculated using a discounted cash flow method utilizing a discount rate of 24.1%. At each reporting period, the fair value of the royalties payable is calculated using the discounted cash flow method. At June 30, 2024, the discount rate was 26.0%. The change in fair value of the royalties payable for the three and six months ended June 30, 2024 as compared to the corresponding periods in the prior year was a decrease of $6.1 million and $6.2 million, respectively. The change between the three and six months ended June 30, 2024 and 2023 is driven by both the change in fair value of the royalties payable as well the change in accounting policy.

Other income, Net

The decrease in other income (expense), net of approximately $0.1 million and $0.2 million for the three and six months ended June 30, 2024, respectively, as compared to the corresponding periods in the prior year was primarily due to a decrease in investment income.

Liquidity and Capital Resources

As of June 30, 2024, we had cash and cash equivalents of approximately $16 thousand and an accumulated deficit of approximately $282.6 million. For the six months ended June 30, 2024, net cash used from operating activities was approximately $3.6 million. We have incurred recurring net losses from operations and negative cash flows from operating activities since inception. We received short-term loans of $850 thousand in July 2024, and as of August 5, 2024, our cash position was approximately $340 thousand. We have a total of $1.5 million of short-term loans that will become due and payable on August 30, 2024.

We expect operating losses and negative cash flows to continue for the foreseeable future as we invest in our commercial capabilities. These negative cash flows and additional costs associated with the Merger paid during the year ended December 31, 2023 have substantially depleted our cash. Following the Merger with Old Catheter, we further reduced staff and other costs while assuming the operating costs of Old Catheter. We will continue to monitor our operating costs and seek to reduce our current liabilities. Such actions may impair our ability to proceed with certain strategic activities. We believe that our current cash on hand will not be sufficient to fund our operations through the end of August 2025, including without limitation, to repay our outstanding short-term notes that will become due and payable on August 30, 2024. Because expected revenues are not adequate to fund our planned expenditures and anticipated operating costs and liabilities beyond such point, we are currently evaluating potential means of raising cash through future capital transactions and additional bridge loans. If we are unable to do so, we will be required to reduce our spending rate to align with expected revenue levels and cash reserves, although there can be no guarantee that we will be successful in doing so. Accordingly, we will likely be required to raise additional cash through debt or equity transactions and bridge loans to continue our operations and pay our debts as they come due, and if we are unable to do so, we will be required to suspend a portion or all of our operations and/or potentially seek relief from our creditors. We may not be able to secure financing in a timely manner or on favorable terms, if at all.

As a result of these factors, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern for a period of one year after the date the unaudited condensed consolidated financial statements for the quarter ended June 30, 2024 are issued. The Company's unaudited condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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Cash Flows for the Six Months Ended June 30, 2024 ($ in thousands)

	For the Six Months Ended June 30,	
Net cash provided by (used in):	**2024**	**2023**
Operating activities	$ (3,639)	$ (16,900)
Investing activities	(67)	(42)
Financing activities	157	8,493
Net change in cash and cash equivalents	$ (3,549)	$ (8,449)

Net Cash Used in Operating Activities

During the six months ended June 30, 2024, net cash used in operating activities of $3.6 million consisted of a net loss of $6.9 million, partially offset by an increase in operating assets and liabilities of $0.6 million and non-cash expenses of $2.7 million, consisting primarily of depreciation and amortization of $1.0 million, stock-based compensation of $19 thousand and a change in fair value of royalties payable of $1.6 million.

During the six months ended June 30, 2023, net cash used in operating activities of $16.9 million consisted of a net loss of $68.0 million, a decrease in operating assets and liabilities of $7.5 million, partially offset by non-cash expenses of $58.6 million, consisting primarily of a loss on impairment of goodwill of $61.0 million, non-cash stock-based compensation of $1.2 million, depreciation and amortization of $1.0 million, offset by a change in fair value of royalties payable of 4.6 million.

Net Cash Used in Investing Activities

During the six months ended June 30, 2024, net cash used in investing activities of $67 thousand consisted of purchases of property and equipment.

During the six months ended June 30, 2023, net cash used in investing activities of $42 thousand consisted of purchases of property and equipment of approximately $57 thousand, offset by proceeds from cash acquired as part of business combination of approximately $15 thousand.

Net Cash Provided by Financing Activities

During the six months ended June 30, 2024, net cash provided by financing activities of $0.2 million primarily consisting of proceeds from notes payable from related parties of $0.7 million, offset by payments on deferred financing costs of $0.3 million and payments on notes payable of $0.2 million.

During the six months ended June 30, 2023, net cash provided by financing activities of $8.5 million, consisted of cash proceeds from the private placement of $8.0 million, proceeds from issuance of common stock and warrants of $0.2 million and proceeds from the exercise of warrants of $1.4 million, offset by the payment of offering costs of $0.6 million, the payment of costs related to exercise of warrants of $0.2 million and the payment of convertible promissory notes of $0.3 million.

Off-Balance Sheet Arrangements

We do not engage in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, as a part of our ongoing business. Accordingly, we did not have any off-balance sheet arrangements during any of the periods presented.

The Company's Critical Accounting Estimates

The information set forth below relates to the Company's critical accounting policies and estimates. The discussion and analysis of our financial position and results of operations is based on our interim unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report, which have been prepared in accordance with U.S. GAAP. We believe certain of our accounting policies are critical to understanding our financial position and results of operations.

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The preparation of these unaudited consolidated financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We regularly evaluate estimates and assumptions related to business combinations, including the determination of the purchase price and related allocations to the fair value of assets acquired and liabilities assumed, provisions for legal contingencies, income taxes, deferred income tax, asset valuation allowances, valuation of warrant liabilities, share based compensation and revenues. Our estimates are based on current facts, historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material.

We believe the following discussion addresses our most critical accounting policies, which are those that are most important to our financial condition and results of operations and require our most difficult, subjective and complex judgments.

Accounting for Long-Lived Assets-Useful Lives

Intangible assets acquired from business combinations are initially measured at their estimated fair values and are then amortized on a straight-line basis over their estimated useful lives. Management evaluates whether events or circumstances have occurred that indicate the remaining useful life or carrying value of the amortizing intangible should be revised and adjusted, if necessary. Should the sum of the undiscounted expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date.

Stock-Based Compensation

We calculate the cost of awards of equity instruments based on the grant date fair value of the option awards issued to employees, members of our board of directors and nonemployee consultants using the Black-Scholes option pricing valuation model, or Black-Scholes model, which incorporates various assumptions including volatility, expected term and risk-free interest rate. The expected term of the options is the estimated period of time until exercise and was determined using the SEC's safe harbor rules, using an average of vesting and contractual terms, as we did not have sufficient historical experience of similar awards. Expected stock price volatility is based on historical volatilities of certain "guideline" companies, as the Company does not have sufficient historical stock price data. The risk-free interest rate is based on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent term. The estimated fair value of stock-based compensation awards is amortized on a straight-line basis over the relevant vesting period, adjusted for actual forfeitures at the time they occur.

Royalties Payable

We are obligated to pay royalties under various royalty agreements Old Cather had entered into. On January 9, 2023, prior to the consummation of the Merger, Old Catheter entered in an agreement with its Convertible Promissory Noteholders, which substantially consisted of amounts due to David A. Jenkins, previously Old Catheter's Chairman of the Board of Directors prior to the Merger, and, currently, the Company's Executive Chairman of the

Board of Directors and Chief Executive Officer, to forgive all accrued interest and future interest expense in exchange for a future royalty right. We will pay to the Noteholders a total royalty equal to approximately 12% of net sales of LockeT, commencing upon the first commercial sale, through December 31, 2035.

In addition, the Company finalized an Invention Assignment and Royalty Agreement (the "Royalty Agreement") that had previously been entered into by Old Catheter with the inventor of LockeT in exchange for the assignment and all rights to LockeT. Pursuant to the agreement, we will pay a 5% royalty on net sales up to $1 million in royalties. After $1 million has been paid, and if, and only if, a U.S. patent is granted by the United States Patent and Trademark Office, then we will continue to pay a royalty at a rate of 2% of LockeT net sales, until total cumulative royalties of $10 million have been paid. No further royalty payments will be due under this Royalty Agreement after December 31, 2033.

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During 2006 and 2007, Old Catheter entered into two investment grant agreements with a non-profit foundation for the purpose of funding the initial development of Old Catheter's AMIGO System. The agreement calls for the payment of sales-based royalties to the foundation, upon successful commercialization of the AMIGO System. We are not currently selling the AMIGO System.

New Accounting Pronouncements

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The amendments in ASU 2023-07 require disclosure of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items to

reconcile to segment profit or loss, and the title and position of the entity's CODM. The amendments in this update also expand the interim segment disclosure requirements. These amendments do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis. The Company is currently reviewing the impact that the adoption of ASU 2023-07 may have on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* which requires public entities to disclose consistent categories and greater disaggregation of information in the rate reconciliation and for income taxes paid. It also includes certain other amendments to improve the effectiveness of income tax disclosures. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is required to adopt this standard prospectively in fiscal year 2025 for the annual reporting period ending December 31, 2025. The accounting pronouncement is not expected to have a material impact on the Company's related disclosures.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Executive Chairman of the Board and Chief Executive Officer and Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of June 30, 2024. Our objective in designing our disclosure controls and procedures is that they provide reasonable assurance of achieving their objectives of ensuring that information we are required to disclose in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer, as appropriate to allow

timely decisions regarding required disclosures, and is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon this evaluation, due to the existence of the material weaknesses found in our internal controls over financial reporting described below, our Chief Executive Officer and Interim Chief Financial Officer concluded that, as of June 30, 2024, our disclosure controls and procedures were not effective at the reasonable assurance level. As disclosed in our Form 10-K for the year ended December 31, 2023 and Form 10-Q for the quarter ended March 31, 2024, for the reasons set forth therein, our Chief Executive Officer and Interim Chief Financial Officer had previously concluded that, as of March 31, 2023, June 30, 2023, September 30, 2023 December 31, 2023 and March 31, 2024 our disclosure controls and procedures were not effective at the reasonable assurance level.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected and corrected on a timely basis. In preparation of our financial statements for the period covered by this report, we identified material weaknesses in internal control over financial reporting related to our control environment that existed as of June 30, 2024, as described below.

Specifically, we identified material weaknesses with respect to (1) the lack of segregation of duties, (2) the lack of designed and operating review controls with respect to oversight of the financial reporting process, (3) errors with respect to the review of work performed by service providers, (4) errors in connection with accounting for the royalty obligation acquired in the merger with Old Catheter, (5) use of an incorrect discount rate in calculating the fair value of the royalty obligation, and (6) timing of revenue recognition.

Notwithstanding the identified material weaknesses, management believes that the Financial Statements and related financial information included in this Quarterly Report, its quarterly report for the quarter ended March 31, 2024, and in its Quarterly and Annual Reports filed during and with respect to the year ended December 31, 2023, fairly present, in all material respects, our consolidated balance sheets, statements of operations, shareholders' equity and cash flows as of and for the periods presented.

Remediation Plan

Management is in the process of developing a remediation plan and believes significant progress has been made, including the following remediation items:

1. Segregation of duties –All payroll items are now reviewed by our Interim Chief Financial Officer prior to processing the payroll. Invoices are entered by one clerk and checks cut by another, after approval from the Interim CFO authorizing which invoices to pay. Checks are signed by the Chief Executive Officer. Wires are entered by one clerk and approval is required by the Interim Chief Financial Officer. Addition of a permanent Chief Financial Officer would strength the reviews/controls already in place and a search is currently in process.

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2. Lack of designed and operating review controls with respect to oversight of the financial reporting process – A third party contractor prepares the financial reports and they are reviewed and approved by management prior to inclusion in any filings. Addition of a permanent Chief Financial Officer will create an additional layer of review.

3. Errors with respect to the review of work performed by service providers – work performed by service providers is reviewed and any errors identified are sent back to service provider for resolution before being incorporated into the company's financial reports.

4. Errors in connection with accounting for the royalty obligations acquired in the merger with Old Catheter – the first royalty calculations did not include the royalty for LockeT inventor. Any new contracts are now reviewed by the Interim Chief Financial Officer for any assets or liabilities that would need to be recorded.

5. Use of an incorrect discount rate in calculating the fair value of the royalty obligation – Calculations are reviewed by management to ensure inputs are reasonable prior to incorporating the calculations into the Company's financial reports.

6. Timing of revenue recognition – Revenue is recognized when product is delivered to the customer. We have implemented a tracking spreadsheet for all shipments which contains delivery date, and invoicing/recognition of revenue is then dated to match the delivery date. This is reviewed at month end by the Interim Chief Financial Officer to ensure revenue is recognized in the proper period.

The material weaknesses will not be considered remediated until management designs and implements effective controls that operate for a sufficient period of time and management has concluded, through testing, that these controls are effective. The Company will monitor the effectiveness of its remediation plans and will make changes management determines to be appropriate. Additional anticipated remediation measures include continuing assessment of the need to expand the Company's current accounting and financial reporting teams to include individuals with requisite experience to meet the requirements associated with the increasing operations of a publicly traded company, establishment of policies and procedures to ensure full review and sign offs with respect to the inputs sent to third-party service providers as well as the reports and documentation upon the completion of their work prior to any adjustments being made to the financial statements, establishment of policies and procedures related to the review of all contracts the Company enters into to ensure any terms or conditions are evaluated for any accounting required or accounting treatment or disclosure, and establishment of policies and procedures to review the inputs to royalties payable and other fair value calculations as well as the outputs impacting the balance at each reporting period.

Changes in Internal Control over Financial Reporting

Except as noted above, there have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Management recognizes that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud or error, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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PART II. — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the information disclosed under Item 3 — " *Legal Proceedings*" in the Fiscal 2023 10-K.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023:

Product Liability Risks Related to our Vivo and LockeT Products

We may incur material losses and costs as a result of product liability claims that may be brought against us and recalls, which may adversely affect our results of operations and financial condition. Furthermore, as a medical device company, we face an inherent risk of damage to our reputation if one or more of our products are, or are alleged to be, defective.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture and marketing of our products. In particular, our medical device products are often used in connection with or subsequent to surgical and intensive care settings with seriously ill patients. For example, our LockeT product is designed to be applied to a sutured wound on the human body for varying periods of time, and component failures, lack of appropriate sterility, manufacturing flaws, design defects or inadequate disclosure of product-related risks with respect to these or other products we manufacture or sell could result in an unsafe condition or injury to, or death of, the patient. Further, with respect to our LockeT product, we have outsourced manufacturing to a third-party and therefore face additional risk regarding the quality of that manufacturing. As a result, we face an inherent risk of monetary liability and damage to our reputation if one or more of our products are, or are alleged to be, defective. Although we carry product liability insurance, we may be exposed to product liability claims in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage. The outcome of litigation, particularly any class-action lawsuits, is difficult to quantify. Plaintiffs often seek recovery of very large or indeterminate amounts, including punitive damages. The magnitude of the potential losses relating to these lawsuits may remain unknown for substantial periods of time and the cost to defend against any such litigation may be significant. Accordingly, we could experience material product liability losses in the future and incur significant costs to defend these claims.

In addition, if any of our products are, or are alleged to be, defective, we may voluntarily participate, or be required by applicable regulators, to participate in a recall of that product if the defect or the alleged defect relates to safety. In the event of a recall, we may experience lost sales and be exposed to individual or class-action litigation claims and reputational risk. Product liability and recall costs may have a material adverse effect on our business, financial condition and results of operations.

Our business relationship with distributors and/or persons in Qatar and elsewhere in the Middle East could be disrupted by the armed conflict in Israel and the Gaza strip and/or changes in U.S. international relations and/or related geopolitical changes.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On May 1, 2024, the Company issued an award of non-plan options to purchase 25,000 Shares of Company common stock as an inducement grant to Marie-Claude Jacques, our Chief Commercial Officer. The options have an exercise price of $5.321 per share, vest annually over five years and have a term of 10 years. The options were granted pursuant to the exemption contained in Section 4(a)(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1.1	Amended and Restated Certificate of Incorporation of the Registrant.	8-K	001-38677	3.1	10/1/2018
3.1.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Registrant. (effective 11/16/20)	8-K	001-38677	3.1	11/17/2020
3.1.3	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Registrant. (effective 09/30/22)	8-K	001-38677	3.1	9/20/2022
3.1.4	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Registrant. (filed 08/01/23, effective 08/17/23)	8-K	001-38677	3.1	8/4/2023
3.1.5	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Registrant (filed 07/11/2024, effective 07/15/2024)	8-K	001-38677	3.1	7/12/2024
5	Certificate of Designation of Series X Convertible Preferred Stock.	8-K	001-38677	3.1	1/13/2023
6	Certificate of Designation of Series A Preferred Stock.	8-K	001-38677	3.2	1/13/2023
3.2.1	Amended and Restated Bylaws of the Registrant.	8-K	001-38677	3.2	10/1/2018
3.2.2	Amendment to Amended and Restated Bylaws of the Registrant.	8-K	001-38677	3.1	8/17/2022
4.1	Specimen common stock certificate of the Registrant.	S-1	333-226191	4.1	7/16/2018
4.2	[omitted.]				
4.3	Form of warrant issued in May 2020.	8-K	001-38677	4.1	5/22/2020
4.4	Form of pre-funded warrant issued in May 2020.	8-K	001-38677	4.2	5/22/2020
4.5	Form of placement agent warrant issued in May 2020.	8-K	001-38677	4.3	5/22/2020

4.6	Form of warrant offered in July 2020.	S-1	333-239887	4.3	7/16/2020
4.7	Form of pre-funded warrant issued in July 2020.	S-1	333-239887	4.4	7/16/2020
4.8	Form of placement agent warrant offered in July 2020.	S-1	333-239887	4.5	7/16/2020
4.9	[omitted.]				
4.10	Form of Series B Warrant offered in February 2022.	S-1/A	333-262195	4.9	2/3/2022
4.11	[omitted.]	S-1/A	333-262195	4.10	2/3/2022
4.12	Warrant Agency Agreement, dated February 8, 2022, by and between the Registrant and American Stock & Trust Company LLC.	8-K	001-38677	4.4	2/9/2022
4.12.1	Amendment No. 1, dated July 22, 2022, to February 8, 2022 Warrant Agency Agreement by and between the Company and American Stock Transfer & Trust Company, LLC.	10-Q	001-38677	4.7	8/15/2022
4.13	Form of Series E Warrant offered in January 2023.	8-K	001-38677	4.1	1/13/2023
4.14	Form of Series F Warrant issued in March 2023.	8-K	001-38677	4.2	1/13/2023
4.15	Form of Series G Warrant issued in March 2023.	8-K	001-38677	4.3	1/13/2023
10.1	Non-plan Stock Option Award granted May 1, 2024, to Marie-Claude Jacques	S-1	333-279930	10.31.7	6/4/2024
10.2	Promissory Note dated May 30, 2024	8-K	001-38677	10.2	6/3/2024
10.3	Promissory Note dated June 25, 2024	8-K	001-38677	10.1	6/26/2024

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31.1*	Certification of Principal Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*@	Certifications of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*@	Certifications of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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 (embedded within the Inline XBRL document).

* Filed herewith.

@ The information in this exhibit is furnished and deemed not filed with the Securities and Exchange Commission for purposes of section 18 of the Exchange Act of 1934, as amended (Exchange Act), and is not to be incorporated by reference into any filing of Catheter Precision, Inc. under the Securities Act of 1933, as amended (Securities Act), or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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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.

CATHETER PRECISION, INC.

(Registrant)

Date: August 13, 2024

By: /s/ David A. Jenkins
David A. Jenkins
Executive Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: August 13, 2024

By: /s/ Margrit Thomassen
Margrit Thomassen
Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David A. Jenkins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Catheter Precision, 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 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)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2024

/s/ David A. Jenkins
David A. Jenkins
Executive Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Margrit Thomassen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Catheter Precision, 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 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)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2024

/s/ Margrit Thomassen
Margrit Thomassen
Interim Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, David A. Jenkins, Executive Chairman of the Board and Chief Executive Officer of Catheter Precision, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the three-month period ended June 30, 2024 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

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

Date: August 13, 2024

/s/ David A. Jenkins
David A. Jenkins
Executive Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Margrit Thomassen, Interim Chief Financial Officer of Catheter Precision, Inc. (the "Company"), hereby certify, that, to my knowledge:

1. the Quarterly Report on Form 10-Q for the three-month period ended June 30, 2024 (the "Report") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

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

Date: August 13, 2024

/s/ Margrit Thomassen
Margrit Thomassen
Interim Chief Financial Officer
(Principal Financial Officer)