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DELTA REPORT

10-Q

ONEMEDNET CORP

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	890
CHANGES	232
DELETIONS	223
ADDITIONS	435

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June September 30, 2024

OR

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

FOR THE TRANSITION PERIOD FROM TO

Commission File Number 001-40386

ONEMEDNET CORPORATION
(Exact name of Registrant as specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**86-2076743** **(I.R.S. Employer Identification No.)**
6385 Old Shady Oak Road, Suite 250 **Eden Prairie, Minnesota** **(Address of principal executive offices)**	**55344** **(Zip Code)**

Registrant's telephone number, including area code: (800) 918-7189

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

Title of each class	Trading Symbol(s)Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.0001 per share	**ONMD**	**The Nasdaq Stock Market LLC**
Redeemable Warrants, each exercisable for one share of Common Stock at an exercise price of $11.50 per share	**ONMDW**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☐ 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 December 11, 2024 December 17, 2024, there were 27,987,427 shares of common stock, par value $0.0001 per share, issued and outstanding.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements that we make from time to time, including statements contained in this Quarterly Report on Form 10-Q ("Form 10-Q") constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Form 10-Q are forward-looking statements. The forward-looking statements in this Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. In some cases, you can identify these forward-looking statements by terms such as "anticipate," "believe," "continue," "could," "depends," "estimate," "expects," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "should," "will," "would" or the negative of those terms or other similar expressions, although not all forward-looking statements contain those words. We have based these forward-looking statements on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, strategy, short- and long-term business operations and objectives, and financial needs.

Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. Forward-looking statements in this Form 10-Q include, without limitation, statements reflecting management's expectations for future financial performance and operating expenditures (including our ability to continue as a going concern, to raise additional capital and to succeed in our future operations), expected growth, profitability and business outlook, and operating expenses.

Forward-looking statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those anticipated by such statements. These factors include, among other things, the unknown risks and uncertainties that we believe could cause actual results to differ from these forward looking statements as set forth under the heading, "Risk Factors" and elsewhere in this Form 10-Q and other documents we file with the SEC. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements, including without limitation, risks and uncertainties relating to:

- our projected financial position and estimated cash burn rate;
- our estimates regarding expenses, future revenues and capital requirements;
- our ability to continue as a going concern;
- our ability to raise substantial additional capital in sufficient amounts or on acceptable terms to fund our operations and our business plan;
- our ability to reverse the recent decline in our revenue and resume growing our revenue;
- our ability to obtain and maintain intellectual property protection for our current products and services;
- our ability to protect our intellectual property rights and the potential for us to incur substantial costs from lawsuits to enforce or protect our intellectual property rights;
- the possibility that a third party may claim we have infringed, misappropriated or otherwise violated their intellectual property rights and that we may incur substantial costs and be required to devote substantial time defending against these claims;
- our reliance on third-party suppliers;
- the success of competing products or services that are or become available;
- our ability to expand our organization to accommodate potential growth and our ability to retain and attract key personnel; and
- the potential for us to incur substantial costs resulting from lawsuits against us and the potential for these lawsuits to cause us to limit our commercialization of our products and services.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Risk Factors" in our Form 10-K/A and in other documents we file with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Form 10-Q to conform these statements to actual results or to changes in our expectations.

You should read this Form 10-Q and the documents that we incorporate by reference in this Form 10-Q with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements including those described in this Form 10-Q and in the "Risk Factors" section of our Form 10-K/A and other documents we file with the SEC.

Item 1. Condensed Consolidated Financial Statements

PART I—FINANCIAL INFORMATION

ONEMEDNET CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Assets				
Current assets:				
Cash and cash equivalents	$ 407	$ 47	$ 1,934	$ 47
Restricted cash	300	-		
Bitcoin			2,156	-
Accounts receivable, net	75	152	63	152
Prepaid expenses and other current assets	174	166	151	166
Total current assets	**956**	**365**	**4,304**	**365**
Property and equipment, net	85	99	84	99
Total assets	**$ 1,041**	**$ 464**	**$ 4,388**	**$ 464**
Liabilities and stockholders' deficit				
Current liabilities:				
Accounts payable and accrued expenses	$ 6,477	$ 4,965	$ 6,161	$ 4,965
Deferred revenues	519	254	428	254
Loan extensions	2,992	2,992	2,992	2,992
PIPE Notes	1,670	1,637	1,593	1,637
Yorkville Note	2,173	-	1,911	-
Deferred underwriter fee payable	3,323	3,525	3,237	3,525
Loan – related party	2,392	465	2,306	465
Line of credit	500	-		
Total current liabilities	20,046	13,838	18,628	**13,838**
Derivative liability	160	-		
Other long-term liabilities	22	68	28	68
Total liabilities	**20,228**	**13,906**	**18,656**	**13,906**
Commitments and contingencies (Note 12)				
Commitments and contingencies (Note 13)				
Stockholders' deficit:				
Preferred Stock, par value $0.0001, 1,000,000 shares authorized at June 30, 2024 and December 31, 2023; no shares issued and outstanding at June 30, 2024 and December 31, 2023	-	-		
Common Stock, par value $0.0001; 100,000,000 shares authorized, 24,050,010 shares issued and 23,862,265 shares outstanding at June 30, 2024, and 23,572,232 shares issued and outstanding as of December 31, 2023	2	2		
Preferred Stock, par value $0.0001, 1,000,000 shares authorized at September 30, 2024 and December 31, 2023; no shares issued and outstanding at September 30, 2024 and December 31, 2023			-	-
Common Stock, par value $0.0001; 100,000,000 shares authorized, 28,175,172 shares issued and 27,987,427 shares outstanding at September 30, 2024, and 23,572,232 shares issued and outstanding as of December 31, 2023			2	2
Additional paid-in capital	78,478	77,996	85,455	77,996
Treasury stock, at cost, 187,745 and 0 shares at June 30, 2024 and December 31, 2023, respectively	(529)	-		
Treasury stock, at cost, 187,745 and 0 shares at September 30, 2024 and December 31, 2023, respectively			(529)	-
Accumulated deficit	(97,138)	(91,440)	(99,196)	(91,440)

Total stockholders' deficit	**(19,187)**	**(13,442)**	**(14,268)**	**(13,442)**
Total liabilities and stockholders' deficit	**$ 1,041**	**$ 464**	**$ 4,388**	**$ 464**

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

ONEMEDNET CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	2024	2023	2024	2023	2024	2023	2024	2023
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenue								
Subscription revenue	$ 141	$ 173	$ 342	$ 340	$ 102	$ 256	$ 443	$ 595
Web imaging revenue	86	-	134	16	40	70	174	86
Total revenue	**227**	**173**	**476**	**356**	**142**	**326**	**617**	**681**
Cost of revenue	329	230	646	519	226	293	872	812
Gross margin	(102)	(57)	(170)	(163)	(84)	33	(255)	(131)
Operating expenses								
General and administrative	1,716	624	3,073	1,163	1,865	1,312	4,934	2,475
Sales and marketing	253	311	483	571	140	243	623	813
Research and development	383	579	828	1,161	298	405	1,127	1,566
Total operating expenses	**2,352**	**1,514**	**4,384**	**2,895**	**2,303**	**1,960**	**6,684**	**4,854**
Loss from operations	**(2,454)**	**(1,571)**	**(4,554)**	**(3,058)**	**(2,387)**	**(1,927)**	**(6,939)**	**(4,985)**
Other expense (income), net								
Interest expense	41	-	83	-	36	-	120	-
Change in fair value of warrants	6	-	(1)	-	6	-	5	-
Change in fair value of PIPE Notes	52	-	33	-	(77)	-	(44)	-
Change in fair value of Yorkville Note	823	-	823	-	(262)	-	561	-
Change in fair value of derivative liability	160	-	160	-	(160)	-	-	-
Change in fair value of Bitcoin					124	-	124	-
Change in fair value of convertible promissory notes	-	5,836	-	10,250	-	7,621	-	17,872
Stock warrant expense	33	2,165	33	4,100	-	4,285	33	8,385
Other expense	20	29	13	36	4	7	17	42
Total other expense, net	1,135	8,030	1,144	14,386				
Total other expense (income), net					(329)	11,913	816	26,299
Net loss	**$ (3,589)**	**$ (9,601)**	**$ (5,698)**	**$ (17,444)**	**$ (2,058)**	**$ (13,840)**	**$ (7,755)**	**$ (31,284)**
Earnings per share:								
Basic and diluted net loss per common share outstanding	$ (0.15)	$ (2.38)	$ (0.24)	$ (4.33)	$ (0.07)	$ (3.23)	$ (0.31)	$ (7.56)
Basic and diluted weighted average number of common shares outstanding	23,940,120	4,033,170	23,717,110	4,033,170	27,878,399	4,280,777	25,051,293	4,139,730

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

ONEMEDNET CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' DEFICIT
(In thousands, except share data)
(Unaudited)
Three and Six Nine Months Ended June 30, 2024 September 30, 2024

	Common Stock		Treasury Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balances as of December 31, 2023	**23,572,232**	**$ 2**	**-**	**$ -**	**$ 77,996**	**$ (91,440)**	**$ (13,442)**
Issuance of common stock to settle deferred underwriter fee payable	277,778	-	-	-	242	-	242
Stock-based compensation expense	-	-	-	-	137	-	137
Repurchase of common stock	-	-	(187,745)	(529)	-	-	(529)
Net loss	-	-	-	-	-	(2,109)	(2,109)
Balances as of March 31, 2024	**23,850,010**	**2**	**(187,745)**	**(529)**	**78,375**	**(93,549)**	**(15,701)**
Vesting of restricted stock units	200,000	-	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	103	-	103
Net loss	-	-	-	-	-	(3,589)	(3,589)
Balances as of June 30, 2024	**24,050,010**	**$ 2**	**(187,745)**	**$ (529)**	**$ 78,478**	**$ (97,138)**	**$ (19,187)**
Issuance of common stock and pre-funded warrants in connection with private placements, net of issuance costs	3,598,850	-	-	-	6,270	-	6,270
Issuance of common stock to settle Yorkville commitment fee	526,312	-	-	-	500	-	500
Stock-based compensation expense	-	-	-	-	207	-	207
Net loss	-	-	-	-	-	(2,058)	(2,058)
Balances as of September 30, 2024	**28,175,172**	**$ 2**	**(187,745)**	**$ (529)**	**$ 85,455**	**$ (99,196)**	**$ (14,268)**

	Common Stock		Treasury Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balances as of December 31, 2023	**23,572,232**	**$ 2**	**-**	**$ -**	**$ 77,996**	**$ (91,440)**	**$ (13,442)**
Issuance of common stock to settle deferred underwriter fee payable	277,778	-	-	-	242	-	242
Stock-based compensation expense	-	-	-	-	137	-	137
Repurchase of common stock	-	-	(187,745)	(529)	-	-	(529)
Net loss	-	-	-	-	-	(2,109)	(2,109)
Balances as of March 31, 2024	**23,850,010**	**2**	**(187,745)**	**(529)**	**78,375**	**(93,549)**	**(15,701)**
Vesting of restricted stock units	200,000	-	-	-	-	-	-
Stock-based compensation expense	-	-	-	-	103	-	103
Net loss	-	-	-	-	-	(3,589)	(3,589)
Balances as of June 30, 2024	**24,050,010**	**$ 2**	**(187,745)**	**$ (529)**	**$ 78,478**	**$ (97,138)**	**$ (19,187)**

Three and Six Nine Months Ended June 30, 2023 September 30, 2023

	Shares	Amount	Shares	Amount	Amount	Shares	Amount	Capital	Deficit	Deficit	Shares	Amount
	Series A-2 Preferred Stock		Series A-1 Preferred Stock		Total Temporary Equity	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'	Series A-2 Preferred Stock	
	Shares	Amount	Shares	Amount	Amount	Shares	Amount	Capital	Deficit	Deficit	Shares	Amount
Balances as of December 31, 2022	**3,415,923**	**$ 9,634**	**2,839,957**	**$ 8,010**	**$ 17,644**	**4,033,170**	**$ -**	**$ 13,657**	**$ (57,660)**	**$ (26,359)**	**3,415,923**	**$ 9,634**
Issuance of OMN warrants in conjunction with convertible promissory notes	-	-	-	-	-	-	-	1,935	-	1,935	-	-
Stock-based compensation expense	-	-	-	-	-	-	-	368	-	368	-	-
Net loss	-	-	-	-	-	-	-	-	(7,843)	(7,843)	-	-
Balances as of March 31, 2023	**3,415,923**	**9,634**	**2,839,957**	**8,010**	**17,644**	**4,033,170**	**-**	**15,960**	**(65,503)**	**(31,899)**	**3,415,923**	**9,634**

Balances	**3,415,923**	**9,634**	**2,839,957**	**8,010**	**17,644**	**4,033,170**	**-**	**15,960**	**(65,503)**	**(31,899)**		
Issuance of common stock in exchange for services											-	-
Issuance of OMN warrants in conjunction with convertible promissory notes	-	-	-	-	-	-	-	2,165	-	2,165	-	-
Stock-based compensation expense	-	-	-	-	-	-	-	280	-	280	-	-
Net loss	-	-	-	-	-	-	-	-	(9,601)	(9,601)	-	-
Balances as of June 30, 2023	**3,415,923**	**$ 9,634**	**2,839,957**	**$ 8,010**	**$ 17,644**	**4,033,170**	**$ -**	**$ 18,405**	**$ (75,104)**	**$ (39,055)**	**3,415,923**	**$ 9,634**
Balances	**3,415,923**	**$ 9,634**	**2,839,957**	**$ 8,010**	**$ 17,644**	**4,033,170**	**$ -**	**$ 18,405**	**$ (75,104)**	**$ (39,055)**		
Balance											**3,415,923**	**$ 9,634**
Issuance of common stock in exchange for services											-	-
Issuance of OMN warrants in conjunction with convertible promissory notes											-	-
Issuance of Legacy ONMD Series A-2 Preferred Stock											5,673	16
Stock-based compensation expense											-	-
Net loss											-	-
Balances as of September 30, 2023											**3,421,596**	**$ 9,650**
Balance											**3,421,596**	**$ 9,650**

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

ONEMEDNET CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	2024	2023	2024	2023
	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities:				
Net loss	$ (5,698)	$ (17,444)	$ (7,755)	$ (31,284)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	21	13	31	19
Stock-based compensation expense	240	648	447	1,446
Stock warrant expense	33	4,100	33	8,385
Change in fair value of warrant liabilities	(1)	-	5	-
Change in fair value of PIPE Notes	33	-	(44)	-
Change in fair value of Yorkville Note	823	-	561	-
Change in fair value of derivative liability	160	-		
Change in fair value of Bitcoin			124	-
Realized loss on sale of Bitcoin			51	-
Gain on forgiveness of CEBA loan	(15)	-	(15)	-
Non-cash interest			96	-
Change in fair value of convertible promissory notes	-	10,250	-	17,872
Non-cash interest	67	-		
Change in operating assets and liabilities:				
Accounts receivable	77	(107)	89	(86)
Prepaid expenses and other current assets	(8)	17	15	14
Accounts payable and accrued expenses	950	279	1,232	340
Deferred revenues	265	278	174	228
Net cash used in operating activities	(3,053)	(1,966)	(4,956)	(3,066)
Cash flows from investing activities:				
Purchases of property and equipment	(7)	(7)	(16)	(28)
Purchases of Bitcoin			(2,800)	-
Sales of Bitcoin			469	-
Net cash used in investing activities	(7)	(7)	(2,347)	(28)
Cash flows from financing activities:				
Proceeds from private placements, net of issuance costs			6,270	-
Proceeds from issuance of shareholder loans	2,000	604	2,000	704
Proceeds from issuance of Yorkville Note, net of issuance costs			1,350	-
Proceeds from line of credit borrowings			500	-
Repayment of shareholder loan	(100)	-	(200)	-
Proceeds from line of credit borrowings	500	-		
Repayment of line of credit borrowings			(500)	-
Repayment for common stock repurchase			(100)	-
Repayment of deferred underwriter fees			(100)	-
Repayment of CEBA loan	(30)	-	(30)	-
Proceeds from issuance of Yorkville Note	1,350	-		
Proceeds from issuance of convertible promissory notes	-	2,100	-	3,875
Proceeds from issuance of Series A-2 preferred stock			-	16
Business Combination costs	-	(690)	-	(1,160)
Net cash provided by financing activities	3,720	2,014	9,190	3,435
Net increase in cash, cash equivalents and restricted cash	660	41		
Cash, cash equivalents and restricted cash at beginning of period	47	271		

Cash, cash equivalents and restricted cash at end of period	$ 707	$ 312		
Net increase in cash and cash equivalents			1,887	341
Cash and cash equivalents at beginning of period			47	271
Cash and cash equivalents at end of period			$ 1,934	$ 612
Supplemental disclosures of non-cash investing and financing activities:				
Issuance of common stock to settle deferred underwriter fee payable	$ 242	$ -	$ 242	$ -
Consideration for repurchase of common stock included in accounts payable and accrued expenses	$ (529)	$ -	$ (429)	$ -

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

ONEMEDNET CORPORATION

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Organization and description of business

OneMedNet Corporation (the "Company") is a healthcare software company with solutions focused on digital medical image management, exchange, and sharing. The Company was founded in Delaware on November 20, 2015. The Company has been solely focused on creating solutions that simplify digital medical image management, exchange, and sharing. The Company has one wholly owned subsidiary, OneMedNet Technologies (Canada) Inc., incorporated on October 16, 2015 under the provisions of the Business Corporations Act of British Columbia whose functional currency is the Canadian dollar. The Company's headquarters location is Eden Prairie, Minnesota.

On November 7, 2023, Data Knights Merger Sub, Inc. ("Merger Sub"), a Delaware corporation and a wholly owned subsidiary of Data Knights Acquisition Corp. ("Data Knights"), a Delaware corporation, merged with and into OneMedNet Solutions Corporation (formerly named OneMedNet Corporation) ("Legacy ONMD"), with Legacy ONMD surviving as a wholly owned subsidiary of Data Knights (the "Business Combination"). Following the consummation of the Business Combination, Data Knights was renamed to "OneMedNet Corporation."

Basis of presentation and consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules and regulations, certain notes or other financial information normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. The interim unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal, recurring adjustments that are necessary to present fairly the Company's results for the interim periods presented. The results from operations for the three and six nine months ended June 30, 2024 September 30, 2024, are not necessarily indicative of the results to be expected for the year ending December 31, 2024, or for any future annual or interim period.

The accompanying interim unaudited condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and the related notes for the year ended December 31, 2023 in the Company's Annual Report on Form 10-K, as amended, filed with the SEC on November 5, 2024 (the "Form 10-K/A").

The interim unaudited condensed consolidated financial statements include the consolidated accounts of the Company's wholly owned subsidiary, OneMedNet Technologies (Canada) Inc. All significant intercompany transactions have been eliminated in consolidation.

Liquidity and going concern

The Company has incurred recurring net losses since its inception, including $3.6 2.1 million and $5.7 7.8 million for the three and six nine months ended June 30, 2024 September 30, 2024, respectively. In addition, the Company had an accumulated deficit of $97.1 99.2 million as of June 30, 2024 September 30, 2024. The Company's unrestricted cash and Bitcoin balance of $0.4 1.9 million and $2.2 million, respectively, is not adequate to fund its operations through at least twelve months from the date these condensed consolidated financial statements were available for issuance. Therefore, these conditions raise substantial doubt about the Company's ability to continue as a going concern.

To continue in existence and expand its operations, the Company will be required to, and management plans to, raise additional working capital through an equity or debt offering and ultimately hopes to attain profitable operations to fulfill its operating and capital requirements for at least 12 months from the date of the issuance of the condensed consolidated financial statements. However, the Company may not be able to secure such financing in a timely manner or on favorable terms, if at all. Furthermore, if the Company issues equity securities to raise additional funds, its existing stockholders may experience dilution, and the new equity securities may have rights, preferences and privileges senior to those of the Company's existing stockholders. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to continue receiving working capital cash payments and generating cash flow from operations.

Risks and uncertainties

The Company is subject to risks common to companies in the markets it serves, including, but not limited to, global economic and financial market conditions, fluctuations in customer demand, acceptance of new products, development by its competitors of new technological innovations, dependence on key personnel, and protection of proprietary technology.

In addition, the Company has invested in Bitcoin, which is a crypto asset. Crypto assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. Certain crypto asset exchanges have been closed due to fraud, failure or security breaches. Any of the Company's crypto assets that reside on an exchange that shuts down may be lost. Several factors may affect the price of crypto assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of crypto assets, and the use of crypto assets as a form of payment. There is no assurance that crypto assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of crypto asset payments by mainstream retail merchants and commercial businesses will continue to grow.

As crypto assets have grown in popularity and market size, various countries and jurisdictions have begun to develop regulations governing the crypto asset industry. To the extent future regulatory actions or policies limit the ability to exchange crypto assets or utilize them for payments, the demand for crypto assets could be reduced. Furthermore, regulatory actions may limit the ability of end-users to convert crypto assets into fiat currency (e.g., U.S. dollars) or use crypto assets to pay for goods and services. Such regulatory actions or policies could result in a reduction of demand, and in turn, a decline in the underlying crypto asset unit prices.

The effect of any future regulatory change on crypto assets in general is impossible to predict, but such change could be substantial and adverse to the Company and the value of the Company's investments in crypto assets.

Crypto assets are not insured or protected under the Federal Deposit Insurance Corporation ("FDIC") or the Securities Investor Protection Company ("SIPC"). Accordingly, with respect to its Bitcoin investment, the Company does not enjoy the protections of other assets covered by the FDIC or SIPC.

Segment information

The Company operates in one operating segment and, accordingly, no segment disclosures have been presented herein.

2. Summary of Significant Accounting Policies

Except as described below, the accounting policies of the Company are set forth in Note 2 to the consolidated financial statements contained in the Form 10-K/A, and the accounting policies followed by the Company for interim financial reporting are consistent with the accounting policies therein.

Treasury stock

The Company records the repurchase of its common stock, par value $0.0001 per share ("Common Stock") at cost on the trade date of the transaction. These shares are considered treasury stock, which is a reduction to stockholders' equity (deficit). Treasury stock is included in authorized and issued shares but excluded from outstanding shares.

Derivative financial instruments

The Company evaluates its convertible debt, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity* and ASC 815, *Derivatives and Hedging*. The result of this accounting treatment is that the fair value of the embedded derivative, if required to be bifurcated, is marked-to-market at each balance sheet date and recorded as a liability. The change in fair value is recorded in the condensed consolidated statement of operations as a component of other expense (income), net. Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is reassessed at the end of each reporting period. Derivative instrument liabilities will be classified in the condensed consolidated balance sheet sheets as current or non-current based on whether net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

Crypto assets

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-08, *Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* ("ASU 2023-08"), which provides an update to existing crypto asset guidance and requires an entity to measure certain crypto assets at fair value. In addition, this guidance requires disclosures related to crypto assets once it is adopted. As of January 1, 2024, the Company has adopted ASU 2023-08.

The Company reflects crypto assets held at fair value on the condensed consolidated balance sheets and condensed consolidated statements of cash flows, the activity from remeasurement of crypto assets at fair value on the condensed consolidated statements of operations, and the required expanded disclosures in Note 3, *Crypto Assets Held*. The adoption of ASU 2023-08 resulted in no cumulative-effect adjustment to the opening balance of retained earnings as of January 1, 2024.

Crypto assets are generally valued using prices as reported on reputable and liquid exchanges and may involve using an average of bid and ask quotes using closing prices provided by such exchanges as of the date and time of determination. The time used is 4:00 pm EST.

Net loss per share

The Company calculates basic and diluted net loss per share attributable to common stockholders in conformity with the two-class method required for participating securities. Certain warrants participate in distributions of the Company. The pre-funded warrants associated with the July and September 2024 private placements (see Note 7) are considered outstanding shares in the basic earnings per share calculation given their nominal exercise price. The net loss attributable to common stockholders is not allocated to the warrant holders as the warrant holders do not have a contractual obligation to share in losses. Basic net loss per share is calculated by dividing the net loss by the weighted-average number of common shares outstanding for the period. Diluted net loss per share is computed by dividing the net loss by the weighted-average number of shares of Common Stock and common stock equivalents outstanding for the period. Common stock equivalents are only included when their effect is dilutive. The Company's potentially dilutive securities, including outstanding warrants to purchase Common Stock and outstanding stock options under the Company's equity incentive plan, have been excluded from the computation of diluted net loss per share as their inclusion would be anti-dilutive. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding to the Company's net loss position.

Emerging growth company status

The Company is an "emerging growth company", as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Under the JOBS Act, emerging growth companies can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. The Company has elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (1) is no longer an emerging growth company or (2) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act.

Accounting pronouncements not yet adopted

In December 2023, the Financial Accounting Standards Board ("FASB") FASB issued Accounting Standards Update ("ASU") ASU No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)* ("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. ASU 2023-09 is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of adopting ASU 2023-09. 2023-09 on the presentation of its condensed consolidated financial statements and footnotes.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which is intended to provide enhancements to segment disclosures, even for entities with only one reportable segment. In particular, the standard will require disclosures of information related to significant segment expenses regularly provided to the chief operating decision maker and included within each reported measure of segment profit and loss. The standard will also require disclosure of all other segment items by reportable segment and a description of its composition. Finally, the standard will require disclosure of the title and position of the chief operating decision maker and an explanation of how the chief operating decision maker uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The standard is effective for annual periods beginning after

December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the standard on the presentation of its condensed consolidated financial statements and footnotes.

Recently adopted accounting pronouncement

In December 2023, the FASB issued ASU No. 2023-08, *Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* (“ASU 2023-08”). ASU 2023-08 requires fair value measurement of certain crypto assets each reporting period with the changes in fair value reflected in net income. The amendments also require disclosures of the name, fair value, units held, and cost bases for each significant crypto asset held and annual reconciliations of crypto asset holdings. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2024, with early adoption permitted. The Company has opted to adopt this guidance early on January 1, 2024, which had no impact on the condensed consolidated financial statements.

3. Crypto Assets Held
3.

The Company's crypto assets are comprised solely of Bitcoin. In accordance with ASC Topic 820, *Fair Value Measurement*, the Company measures the fair value of its Bitcoin based on the quoted end-of-day price on the measurement date for a single Bitcoin on an active trading platform, River.com. Management has determined that River.com, an active exchange market, represents a principal market for Bitcoin and the end-of-day quoted price is both readily available and representative of fair value (Level 1 inputs). The following table sets forth the units held, cost basis, and fair value of Bitcoin held, as shown on the condensed consolidated balance sheet as of September 30, 2024 (in thousands):

	Units	Cost Basis	Fair Value
Crypto assets held:			
Bitcoin	34	$ 2,280	$ 2,156
Total	34	$ 2,280	$ 2,156

The following table presents a reconciliation of the fair values of the Company's Bitcoin for the nine months ended September 30, 2024 (in thousands):

	Bitcoin
Balance, December 31, 2023	$ -
Additions	2,800
Dispositions	(520)
Unrealized loss, net	(124)
Balance, September 30, 2024	$ 2,156

Additions are the result of the Company acquiring Bitcoin with liquid assets from private placements, while dispositions are the result of sales of Bitcoin. During the three and nine months ended September 30, 2024, the Company had Bitcoin dispositions of $0.5 million, inclusive of realized losses of $51 thousand. The Company uses a first-in, first-out methodology to assign costs to Bitcoin for purposes of the Bitcoin held and realized gains and losses disclosure above. Bitcoin is included in current assets in the condensed consolidated balance sheet due to the Company's ability to sell them in a highly liquid marketplace and its intent to liquidate its Bitcoin to support operations when needed.

4. Convertible Debt

Convertible Promissory Notes

From 2019 to 2023, the Company issued various convertible promissory notes to related and unrelated party investors, which were convertible into equity securities of Legacy ONMD upon a next equity financing transaction (the "Convertible Promissory Notes"). The Convertible Promissory Notes bore interest at a rate of either 4% or 6% annually from the date of issuance until the outstanding principal was paid or converted. In connection with the issuance of Convertible Promissory Notes in 2022 and 2023, the Company also issued warrants at an exercise price of $1.00 per share (the "Convertible Promissory Notes Warrants"). See additional information on the accounting for the warrants in Note 9. 10.

The Convertible Promissory Notes were issued for general working capital purposes. The Company elected the fair value option ("FVO") of accounting under ASC 825, *Financial Instruments*, for its Convertible Promissory Notes. Under the FVO election, the financial instrument is initially measured at its issue-date estimated fair value and subsequently remeasured at estimated fair value on a recurring basis at each reporting period date. The estimated fair value adjustment is presented as a single line item within other expense (income), net in the accompanying condensed consolidated statements of operations under the caption change in fair value of convertible promissory notes.

In November 2023, all Convertible Promissory Notes were converted pursuant to their provision in connection with the Business Combination between Data Knights and Legacy ONMD and were no longer outstanding as of December 31, 2023. See the Form 10-K/A for all other details relating to the Convertible Promissory Notes issued prior to December 31, 2023.

PIPE Notes

On June 28, 2023, the Company Data Knights and Data Knights certain investors (the "Purchasers") entered into a Securities Purchase Agreement pursuant to which Data Knights issued and sold to certain investors (the "Purchasers") the Purchasers a new series of senior secured convertible notes (the "PIPE Notes"), which are convertible into shares of Common Stock at the Purchasers Purchasers' election at a conversion price equal to the lower of (i) $10.00 per share, or (ii) 92.5% of the lowest volume weighted average trading price for the ten (10) Trading Days immediately preceding the conversion date. The PIPE Notes mature matured on the first anniversary of the issuance date, or November 7, 2024. The majority of the PIPE Notes holders have elected to convert their PIPE Notes into shares of Common Stock, which will occur upon the Company's filing of a Registration Statement on Form S-1.

The Company elected the FVO of accounting for its PIPE Notes. The estimated fair value adjustment is presented as a single line item within other expense (income), net in the accompanying condensed consolidated statements of operations under the caption change in fair value of PIPE Notes. As of June 30, 2024 September 30, 2024 and December 31, 2023, the fair value of the PIPE Notes was $1.7 1.6 million and $1.6 million, respectively, which is included in current liabilities on the condensed consolidated balance sheets.

Shareholder Loans

From January to June 2024, the Company received gross proceeds of $1.6 million in connection with shareholder loans with a related party investor which are convertible into 2,123,312 shares of Common Stock at a conversion price of $0.7535 per share. These loans do not bear interest and mature one year from issuance. The balance of $1.6 million is included in loan – related party on the condensed consolidated balance sheet as of June 30, 2024 September 30, 2024.

Helena Notes

On March 28, 2024, the Company entered into a definitive securities purchase agreement (the "Helena SPA") with Helena Global Investment Opportunities 1 Ltd. ("Helena"), an affiliate of Helena Partners Inc., a Cayman Islands-based advisor and investor providing for up to $4.5 million in funding through a private placement for the issuance of senior secured convertible notes and warrants across multiple tranches. The Helena SPA was subsequently terminated in June 2024 prior to the closing of any tranches (the "Helena Termination Agreement"). As such, except as described below, the Helena SPA had no impact on the Company's condensed consolidated financial statements as of and for the six nine months ended June 30, 2024 September 30, 2024.

Pursuant to the Helena Termination Agreement, the Company agreed to issue to Helena a warrant to purchase 50,000 shares of Common Stock at an exercise price of $1.20 per share (the "Helena Termination Warrants") and agreed to reimburse Helena for certain reasonable and documented out-of-pocket legal fees and expenses incurred in connection with entry into the Helena SPA and Helena Termination Agreement and related documents. The Company incurred legal fees and expenses of $42 thousand in connection with the Helena Termination Agreement. As of June 30, 2024 September 30, 2024, the Helena Termination Warrants were not yet issued or outstanding. However, in accordance with the loss contingency guidance of ASC Topic 450, *Contingencies*, the Company determined that it was probable that a liability had been incurred (its obligation to issue warrants) and the amount of the loss could be reasonably estimated (the fair value of 50,000 warrants at an exercise price of $1.20 per share). Therefore, the Company recorded stock warrant expense of $33 thousand in its condensed consolidated statement of operations, with an offsetting liability to accounts payable and accrued expenses on its condensed consolidated balance sheet. The Company will reclassify the contingent liability to equity or warrant liabilities under applicable guidance when the Helena Termination Warrants are issued, which occurred in December 2024.

Yorkville Note

On June 17, 2024, the Company entered into a Standby Equity Purchase Agreement ("SEPA") with YA II PN, LTD, a Cayman Islands exempt limited partnership managed by Yorkville Advisors Global, LP ("Yorkville") (see Note 6) 7). Upon entry into the SEPA, the Company issued Yorkville a $1.5 million convertible promissory note for $1.35 million in cash (after a 10% original issue discount) (the "Yorkville Note"). The Yorkville Note does not bear interest and matures on June 17, 2025. The Yorkville Note is convertible by Yorkville into shares of Common Stock at an aggregate purchase price based on a price per share equal to the lower of (a) $1.3408 per share (subject to downward reset upon the filing of the resale registration statement described below) or (b) 90% of the lowest daily volume-weighted average price ("VWAP") of the Common Stock on Nasdaq during the seven trading days immediately prior to each conversion (the "Variable Price"), but which Variable Price may not be lower than the Floor Price then in effect. The "Floor Price" is $0.28 per share, subject to the Company's option to reduce the Floor Price to any amounts set forth in a written notice to Yorkville. Upon the occurrence and during the continuation of an event of default (as defined in the Yorkville Note), the Yorkville Note will become immediately due and payable. The issuance of the Common Stock upon conversion of the note and otherwise under the SEPA is capped at 19.9% of the outstanding Common Stock as of June 18, 2024. Further, the note and SEPA include a beneficial ownership blocker for Yorkville such that Yorkville may not be deemed the beneficial owner of more than 4.99% of the Company's Common Stock. As a result of the Company's failure to file its Form 10-Q for the fiscal quarter ended June 30, 2024 by August 14, 2024 (i.e., a deemed Event of Default under the Yorkville Note), the Company began accruing interest at the default rate of 18.0% as of August 14, 2024. A further event of default occurred as a result of the Company's failure to file a registration statement with the SEC for the resale by Yorkville of the shares of Common Stock issuable under the SEPA by August 30, 2024 (see Note 6) 7). As such, the full unpaid principal amount of the Yorkville Note may become immediately due and payable at Yorkville's election. The Company subsequently engaged in discussions with Yorkville regarding these events of default, which discussions are ongoing.

The Company elected the FVO of accounting for the Yorkville Note. The estimated fair value adjustment is presented as a single line item within other expense (income), net in the accompanying condensed consolidated statements of operations under the caption change in fair value of Yorkville Note. As of June 30, 2024 September 30, 2024, the fair value of the Yorkville Note was $2.2 1.9 million, which is included in current liabilities on the condensed consolidated balance sheets.

The Company was required to apply $0.1 million of the Yorkville Note proceeds to the payment of audit fees for fiscal year 2023, and $0.3 million was transferred to escrow for future audit fees payable. The $0.3 million in escrow is classified as restricted cash on the Company's condensed consolidated balance sheet as of June 30, 2024.

4. 5. Line of Credit

In March 2024, the Company obtained a line of credit of $1.0million with BOC Bank to support short-term working capital needs, of which $0.5 million was drawn and remained outstanding as of June 30, 2024. needs. The line of credit bears an interest rate of 5.0% and matures in 120 days. In July 2024, the maturity date was extended an additional 120 days to November 2, 2024. The outstanding balance was repaid in full on July 30, 2024, and the line of credit was terminated at maturity in November 2024. As of September 30, 2024, there was no balance outstanding on the line of credit.

5. 6. Canadian Emergency Business Account ("CEBA")

During December 2020, the Company applied for and received a $60 thousand CAD ($40 thousand USD) equivalent CEBA loan. The loan was provided by the government of Canada to provide capital to organizations to see them through the challenges related to the COVID-19 pandemic and better position them to return to providing services and creating employment. The loan is unsecured. The loan was interest free through December 31, 2023. If the loan was paid back by January 18, 2024, $15 thousand of the loan would have been forgiven. If the loan was not paid back by January 18, 2024, the full $40 thousand loan would have been converted to a loan repayable over three years with a 5% interest rate. The loan was paid back prior to January 18, 2024, and the Company recognized a gain on extinguishment of $15 thousand, which is presented in other expense (income), net in the condensed consolidated statement of operations for the three and six nine months ended June 30, 2024 September 30, 2024.

6. 7. Stockholders' Deficit

Common Stock

In connection with the Business Combination, Data Knights entered into an agreement with their underwriters ("EF Hutton") whereby EF Hutton agreed to waive the related merger underwriting fees that were payable at closing ($4.0 million) in exchange for allocated payments as follows: (i) $0.5 million in cash at closing; (ii) a $0.5 million promissory note that matured on March 1, 2024; and (iii) a transfer of 277,778 shares of Common Stock, which were valued at the closing stock price of $10.89 per share on June 28, 2023. If, five trading days prior to the six-month anniversary, the aggregate VWAP value of the 277,778 shares of Common Stock was lower than the original share value of $3.0 million, the Company was obligated to compensate EF Hutton at a new share price equal to the difference in amount on such date. Due to the decrease in share value on the six-month anniversary, the Company was required to either pay to EF Hutton an additional $2.8 million or issue to EF Hutton an additional 3,175,000 shares of Common Stock. In January 2024, the Company issued the original 277,778 shares of Common Stock as consideration for $0.2 million owed by the Company. As of June 30, 2024 September 30, 2024, the Company was obligated to pay to EF Hutton the true-up of either $2.8 million or 3,175,000 shares of Common Stock valued at $0.88 per share, plus the $0.5 million promissory note. Upon the occurrence of an event of default, the promissory note bears interest at a rate of 12.5% until such event of default is cured. The promissory note remained unpaid upon maturity on March 1, 2024, and the Company recorded interest expense of $15 14 thousand and $25 55 thousand during the three and six nine months ended June 30, 2024 September 30, 2024, respectively, because of the event of default. In August 2024, the Company made a promissory note payment of $0.1 million.

In February 2024, the Company entered into a stock repurchase agreement with a former holder of Convertible Promissory Notes pursuant to which the Company repurchased 187,745 shares of Common Stock in exchange for cash of $0.5 million that is payable in installments. The Company made payments of $0.1 million in July and October 2024 and the remaining $0.3 million is expected to be repaid in early 2025. The $0.5 million represents the principal and accrued interest outstanding on the holder's Convertible Promissory Note immediately prior to the Business Combination. The $0.5 0.4 million outstanding at June 30, 2024 September 30, 2024 is classified in accounts payable and accrued expenses on the condensed consolidated balance sheet. The 187,745 repurchased shares were reclassified to treasury stock as of June 30, 2024 September 30, 2024.

Standby Equity Purchase Agreement

On June 17, 2024, the Company and Yorkville entered into the SEPA. Under the SEPA, the Company has the right to sell to Yorkville up to $25.0million of its Common Stock, subject to certain limitations and conditions set forth in the SEPA, from time to time, over a 24-month period. Sales of the Common Stock to Yorkville under the SEPA, and the timing of any such sales, are at the Company's option, and the Company is under no obligation to sell any shares of Common Stock to Yorkville under the SEPA except in connection with notices that may be submitted by Yorkville, in certain circumstances as described below.

Upon the satisfaction of the conditions precedent in the SEPA, which include having a resale shelf for shares of Common Stock issued to Yorkville declared effective, the Company has the right to direct Yorkville to purchase a specified number of shares of Common Stock by delivering written notice (each an "Advance"). An Advance may not exceed the greater of (i) 100% of the average of the daily trading volume of the Common Stock on Nasdaq, during the five consecutive trading days immediately preceding the date of the Advance, and (ii) five hundred thousand (500,000) shares of Common Stock.

Yorkville will generally purchase shares pursuant to an Advance at a price per share equal to 97% of the VWAP, on Nasdaq during the three consecutive trading days commencing on the date of the delivery of the Advance (unless the Company specifies a minimum acceptable price or there is no VWAP on the subject trading day).

The SEPA will automatically terminate on the earliest to occur of (i) the first day of the month next following the 24-month anniversary of the date of the SEPA or (ii) the date on which Yorkville shall have made payment for shares of Common Stock equal to $25.0 million. The Company has the right to terminate the SEPA at no cost or penalty upon five trading days' prior written notice to Yorkville, provided that there are no outstanding advances for which shares of Common Stock need to be issued and the Yorkville Note has been paid in full. The Company and Yorkville may also agree to terminate the SEPA by mutual written consent.

As consideration for Yorkville's commitment to purchase the shares of Common Stock pursuant to the SEPA, the Company paid Yorkville a $25 thousand cash structuring fee. In addition, the Company must pay a commitment fee in shares equal to $0.5 million. As of June 30, 2024, the $0.5 million commitment fee was included in accounts payable and accrued expenses in the condensed consolidated balance sheet. In September 2024, the Company paid an equivalent of the commitment fee by issuing to Yorkville 526,312 shares of Common Stock.

In connection with the entry into the SEPA, on June 17, 2024, the Company entered into a registration rights agreement with Yorkville, pursuant to which the Company agreed to file with the SEC no later than August 30, 2024, a registration statement for the resale by Yorkville of the shares of Common Stock issued under the SEPA (including the commitment fee shares). The Company agreed to use commercially reasonable efforts to have such registration statement declared effective within 30 days of such filing and to maintain the effectiveness of such registration statement during the 24-month commitment period. The Company will not have the ability to request any Advances under the SEPA (nor may Yorkville convert the Yorkville Note into Common Stock) until such resale registration statement is declared effective by the SEC. The Company has not yet filed a registration statement with the SEC for the resale by Yorkville of the shares of Common Stock issued under the SEPA, which is deemed an event of default under the SEPA and as a result, a payment of $0.6 million became due on October 15, 2024. The $0.6 million due includes the outstanding principal of $0.5 million, accrued and unpaid interest, and a payment premium of 10%. As described in Note 3, 4, the Company subsequently engaged in discussions with Yorkville regarding the events of default, which discussions are ongoing.

The SEPA was accounted for as a liability under ASC 815 as it includes an embedded put option and an embedded forward option. The put option is recognized at inception and the forward option is recognized upon issuance of notice for the sale of the Company's Common Stock. The fair value of the derivative liability related to the embedded put option was estimated at $0.2 million at the inception of the agreement and agreement. As of September 30, 2024, the embedded put option was determined to have no value because of alternative financing options now available to the Company making future draws on the SEPA improbable. Further, as described in Note 4, the Company is currently in default on the SEPA due to its failure to file a registration statement with the SEC for the resale by Yorkville of June 30, 2024 the shares of Common Stock issuable under the SEPA by August 30, 2024. As such, no shares can currently be issued under the SEPA. The embedded forward option was also deemed to have no value as there were no notices for the sale of the Company's Common Stock as of June 30, 2024 September 30, 2024.

Private Placements

July 2024 Financings

On July 23, 2024, the Company entered into a securities purchase agreement with a certain institutional investor, pursuant to which the Company agreed to issue and sell 1,297,059 shares of its Common Stock at a price of $1.0278 per share and pre-funded warrants exercisable for 1,323,530 shares of its Common Stock at an exercise price of $1.0278 per share (the "July 2024 Pre-Funded Warrants"). The investor was required to prepay the exercise price for the pre-funded warrants, other than $0.0001 per share. The warrants and pre-funded warrants will be exercisable at any time after the date of issuance and will not expire. Holders of pre-funded warrants are entitled to receive dividends, if declared, on an as-if-converted-to-common-stock basis, and in the same form as dividends actually paid on shares of the Common Stock.

On July 25, 2024, the Company entered into a securities purchase agreement with a certain institutional investor, pursuant to which the Company agreed to issue and sell 2,301,791 shares of its Common Stock at a price of $0.85 per share.

The Company received net proceeds of approximately $4.5 million from the July 2024 private placements, after deducting offering expenses of $0.1 million.

September 2024 Financing

On September 24, 2024, the Company entered into a securities purchase agreement with a certain institutional investor, pursuant to which the Company agreed to issue and sell to the investor 1,918,591 shares of its Common Stock at a price of $0.65 per share, warrants exercisable for 133,095 shares of its Common Stock at an exercise price of $0.325 per share (the "September 2024 Warrants") and pre-funded warrants exercisable for 743,314 shares of its Common Stock at an exercise price of $0.65 per share (the "September 2024 Pre-Funded Warrants"). The investor was required to prepay the exercise price for the pre-funded warrants, other than $0.0001 per share. The warrants and pre-funded warrants will be exercisable at any time after the date of issuance and will not expire. Holders of pre-funded warrants are entitled to receive dividends, if declared, on an as-if-converted-to-common-stock basis, and in the same form as dividends actually paid on shares of the Common Stock. The Company received net proceeds of approximately $1.7 million, after deducting an immaterial amount of offering expenses.

As of September 30, 2024, the Company had not yet issued the 1,918,591 shares of Common Stock in order to keep the investor's ownership percentage below a defined threshold. The net proceeds of $1.7 million was recorded akin to an equity forward sale contract and was included in additional paid-in-capital in stockholders' deficit in the condensed consolidated balance sheets as it met the criteria for equity accounting under ASC 815.

Preferred Stock

As of June 30, 2024 September 30, 2024 and December 31, 2023, no shares of Preferred Stock were issued or outstanding. All shares of Legacy ONMD Series A-2 Preferred Stock and Series A-1 Preferred Stock were converted into Common Stock in connection with the Business Combination. See the Form 10-K/A for all other details relating to the Series A-2 Preferred Stock and Series A-1 Preferred Stock issued prior to December 31, 2023.

7. 8. Net Loss per Share

For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the weighted-average number of shares of Common Stock outstanding used to calculate both basic and diluted net loss per share is the same. In computing diluted net loss per share for the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company excluded the following potentially dilutive securities, as the effect would be anti-dilutive and reduce the net loss per share calculated for each period:

	2024	2023		
	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Options to purchase Common Stock	147,000	913,856	147,000	913,856
Unvested restricted stock units and awards	1,428,023	177,275	1,371,950	177,275
Warrants for Common Stock	12,181,019	3,112,165	12,314,114	3,112,165
Series A-1 preferred stock	-	2,839,957	-	2,839,957
Series A-2 preferred stock	-	3,415,923	-	3,415,923
Convertible promissory notes	1,118,735	4,643,325	1,118,735	4,643,325
Total	14,874,777	15,102,501	14,951,799	15,102,501

8. 9. Stock-Based Compensation

The Company recorded stock-based compensation expense in the following categories on the accompanying condensed consolidated statements of operations for the periods presented (in thousands):

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023
Cost of revenue	$ 4	$ -
General and administrative	92	116
Sales and marketing	2	-
Research and development	5	164
Total stock-based compensation expense	$ 103	$ 280

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Cost of revenue	$ 8	$ -	$ 5	$ -
General and administrative	220	232	195	782
Sales and marketing	3	-	2	-
Research and development	9	416	5	16
Total stock-based compensation expense	$ 240	$ 648	$ 207	$ 798

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cost of revenue	$ 13	$ -
General and administrative	416	1,014
Sales and marketing	4	-
Research and development	14	432
Total stock-based compensation expense	$ 447	$ 1,446

Equity incentive plan – summary

During 2023, the Company adopted the OneMedNet Corporation 2022 Equity Incentive Plan (the "2022 Plan") and reserved an amount of shares of Common Stock equal to 10% of the number of shares of Common Stock of the Company following the Business Combination for issuance thereunder. The 2022 Plan became effective immediately upon the closing of the Business Combination and replaced the Legacy ONMD equity incentive plan.

Equity incentive plan – stock options

For the three months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded stock-based compensation expense of $0 and $132 0.1 thousand, million, respectively, on its outstanding stock options.

For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded stock-based compensation expense of $34 thousand and $264 0.3 thousand, million, respectively, on its outstanding stock options.

Equity incentive plan – restricted stock units ("RSU")

For the three months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded stock-based compensation expense of $103 0.2 thousand million and $148 0.7 thousand, million, respectively, on its outstanding restricted stock units.

For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company recorded stock-based compensation expense of $206 1.1 thousand million and $384 0.4 thousand, million, respectively, on its outstanding restricted stock units.

9. 10. Stock Warrants

The Company has the following warrants outstanding for the periods presented:

	As of June 30, 2024	As of December 31, 2023	As of September 30, 2024	As of December 31, 2023
Liability Classified Warrants				
Private Placement Warrants	585,275	585,275		
Business Combination Warrants			585,275	585,275
PIPE Warrants	95,744	95,744	95,744	95,744
Subtotal	681,019	681,019	681,019	681,019

Equity Classified Warrants				
Public Warrants	11,500,000	11,500,000	11,500,000	11,500,000
Private Placement Warrants			2,199,939	-
Subtotal	11,500,000	11,500,000	13,699,939	11,500,000
Grand Total	12,181,019	12,181,019	14,380,958	12,181,019
	14,380,958	12,181,019		

Private Placement Warrants

As described in Note 7, the Company issued the July 2024 Pre-Funded Warrants, the September 2024 Pre-Funded Warrants and the September 2024 Warrants in connection with the July and September 2024 private placements (together, the "Private Placement Warrants"). The Private Placement Warrants are classified as equity in accordance with ASC Subtopic 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity* ("ASC 815-40").

Convertible Promissory Notes Warrants

As described in Note 3, 4, the Company issued Convertible Promissory Notes Warrants in 2022 and 2023. The Convertible Promissory Notes Warrants are classified as equity in accordance with ASC Subtopic 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity* ("ASC 815-40"). 815-40. The Company determined that the fair value of the combined instrument (inclusive of the Convertible Promissory Notes) significantly exceeded the proceeds received; therefore, the Company concluded that the Convertible Promissory Notes Warrants are most accurately portrayed as an issuance cost related to the Convertible Promissory Notes. This resulted in an expense of $2.2 4.3 million and $4.1 8.4 million being allocated to the Convertible Promissory Notes Warrants during the three and six nine months ended June 30, 2023 September 30, 2023, respectively, which is classified as stock warrant expense in the condensed consolidated statements of operations.

In connection with the closing of the Business Combination on November 7, 2023, all Convertible Promissory Notes Warrants were cashless exercised into shares of Legacy ONMD common stock and exchanged based on the appropriate conversion ratio for the Common Stock less an exercise price of $1.00. See the Form 10-K/A for all other details relating to the Convertible Promissory Notes Warrants issued prior to December 31, 2023.

PIPE Warrants

In conjunction with the issuance of the PIPE Notes described in Note 3, 4, Data Knights also issued and sold to each of the Purchasers 95,745 warrants to purchase Common Stock at an exercise price of $10.00 per share (the "PIPE Warrants"). The PIPE Warrants are classified as liabilities because they did not meet the criteria for equity treatment under ASC 815-40. During the three and six nine months ended June 30, 2024 September 30, 2024, the Company recognized a change in fair value of PIPE Warrants of $0 and a gain of $12 thousand, respectively.

Private Placement Business Combination Warrants

In connection with the closing of the Business Combination on November 7, 2023, the Company assumed 585,275 private warrants to purchase Common Stock at an exercise price of $11.50 per share (the "Private Placement "Business Combination Warrants"). The Private Placement Business Combination Warrants are classified as liabilities because they did not meet the criteria for equity treatment under ASC 815-40. During the three and six nine months ended June 30, 2024 September 30, 2024, the Company recognized a change in fair value of Private Placement Business Combination Warrants of $6 thousand and $11 17 thousand, respectively.

10. 11. Fair Value Measurements

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis, inclusive of related party (in thousands):

	Level 1	Level 2	Level 3	Total				
	June 30, 2024				September 30, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Bitcoin					$ 2,156	$ -	$ -	$ 2,156
Total assets, at fair value					$ 2,156	$ -	$ -	$ 2,156
Liabilities:								
Private Warrants	$ -	$ -	$ 20	$ 20				
Business Combination Warrants					$ -	$ -	$ 26	$ 26
PIPE Warrants	-	-	2	2	-	-	2	2
PIPE Notes	-	-	1,670	1,670	-	-	1,593	1,593
Yorkville Note	-	-	2,173	2,173	-	-	1,911	1,911
SEPA derivative liability	-	-	160	160	-	-	-	-
Total liabilities, at fair value	$ -	$ -	$ 4,025	$ 4,025	$ -	$ -	$ 3,532	$ 3,532

	Level 1	Level 2	Level 3	Total				
	December 31, 2023				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities:								
Private Warrants	$ -	$ -	$ 9	$ 9				
Business Combination Warrants					$ -	$ -	$ 9	$ 9
PIPE Warrants	-	-	14	14	-	-	14	14
PIPE Notes	-	-	1,637	1,637	-	-	1,637	1,637
Total liabilities, at fair value	$ -	$ -	$ 1,660	$ 1,660	$ -	$ -	$ 1,660	$ 1,660

Private Placement Business Combination Warrants and PIPE Warrants

The following table presents the changes in the Private Business Combination Warrants and PIPE Warrants measured at fair value during the six nine months ended June 30, 2024 September 30, 2024 (in thousands):

	Private Warrants	PIPE Warrants	Business Combination Warrants	PIPE Warrants
Balance, December 31, 2023	$ 9	$ 14	$ 9	$ 14
Additions				
Changes in fair value	11	(12)	17	(12)
Balance, June 30, 2024	$ 20	$ 2		
Balance, September 30, 2024			$ 26	$ 2

The Company remeasured the fair value of the Private Placement Business Combination Warrants and PIPE Warrants at June 30, 2024 September 30, 2024 using the Black-Scholes option-pricing model with the following assumptions:

	As of June 30, 2024		As of September 30, 2024	
	PIPE Warrants	Private Warrants	PIPE Warrants	Business Combination Warrants
Stock price	$ 0.98	$ 0.98	$ 0.61	$ 0.61
Exercise price	$ 10.00	$ 11.50	$ 10.00	$ 11.50
Expected volatility	55.9%	55.9%	72.1%	72.1%
Weighted average risk-free rate	4.4%	4.4%	3.6%	3.6%
Expected dividend yield	-	-	-	-
Warrants measurement input	-	-	-	-
Expected term (in years)	4.4	4.4	4.1	4.2

PIPE Notes and Yorkville Note

The following table presents the changes in the PIPE Notes and Yorkville Note measured at fair value during the six nine months ended June 30, 2024 September 30, 2024 (in thousands):

	PIPE Notes	Yorkville Note	PIPE Notes	Yorkville Note
Balance, December 31, 2023	$ 1,637	$ -	$ 1,637	$ -
Additions	-	1,350	-	1,350
Changes in fair value	33	823	(44)	561
Balance, June 30, 2024	$ 1,670	$ 2,173		
Balance, September 30, 2024			$ 1,593	$ 1,911

The estimated fair values of the PIPE Notes and Yorkville Note are determined based on the aggregated, probability-weighted average of the outcomes of certain possible scenarios. The combined value of the probability-weighted average of those outcomes is then discounted back to each reporting period in which the convertible notes are outstanding, in each case, based on a risk-adjusted discount rate estimated based on the implied discount rate. The discount rate was held constant over the valuation periods given the fact pattern associated with the Company and the stage of development.

SEPA Derivative Liability

The following table presents the changes in the SEPA derivative liability measured at fair value during the six nine months ended June 30, 2024 September 30, 2024 (in thousands):

	Yorkville SEPA
Balance, December 31, 2023	$ -
Additions	160
Changes in fair value	-
Balance, June 30, 2024	$ 160

	Yorkville SEPA
Balance, December 31, 2023	$ -
Additions	160
Changes in fair value	(160)
Balance, September 30, 2024	$ -

The estimated fair value of the SEPA derivative liability was $0.2 million, which was determined using a scenario-based valuation model based on the aggregated amount of draws expected to be made over the 24-month commitment period. The derivative value of such draws was then discounted back to each reporting period in which the put option was outstanding, in each case, based on a risk-adjusted discount rate based on the implied discount rate. As of September 30, 2024, the derivative liability was determined to have no value.

11. 12. Related Party Transactions

PIPE Notes and Warrants

Data Knights issued and sold PIPE Notes in connection with the Business Combination, which are convertible into shares of Common Stock. Total proceeds raised from the PIPE Notes were $1.5 million, of which $1.0 million was with related party investors.

In connection with the issuance of the PIPE Notes, the Company also issued a total of 95,744 shares of PIPE Warrants, of which 63,829 shares were issued to the same related party investors.

Convertible Promissory Notes and Warrants

As described in Note 3, 4, the Company issued various Convertible Promissory Notes to related party investors. Total gross proceeds raised from Convertible Promissory Notes with related parties were $12.3 million (out of $14.2 million total). In connection with the issuance of the Convertible Promissory Notes, the Company also issued Convertible Promissory Notes Warrants to purchase 2,976,000 shares of Legacy ONMD common stock to the same related parties (out of 3,726,000 total). The closing of the Business Combination triggered the conversion of all Convertible Promissory Notes and Convertible Promissory Notes Warrants into shares of Common Stock. See the Form 10-K/A for all other details relating to the Convertible Promissory Notes and Convertible Promissory Notes Warrants issued prior to December 31, 2023.

Shareholder Loans

In addition to the convertible shareholder loans described in Note 3, 4, the Company also received gross proceeds of $0.4 million in connection with non-convertible shareholder loans with related party investors during the six nine months ended June 30, 2024 September 30, 2024. In June 2024 and July 2024, the Company repaid $0.1 million of the outstanding non-convertible shareholder loan balance. These loans bear an interest rate of 8.0% with a maturity date one year from issuance. The following table summarizes shareholder loans outstanding for the periods presented (in thousands):

	As of		As of	
	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Shareholder loans – nonconvertible	$ 754	$ 454	$ 654	$ 454
Shareholder loans – convertible	1,600	-	1,600	-
Accrued interest	38	11	52	11
Total loan – related party	$ 2,392	$ 465	$ 2,306	$ 465

Loan Extensions

The Company assumed Data Knights' liabilities, which included existing loan extensions to related parties. The loan extensions were to be either repaid in cash or, at the option of the lender, exchanged for a fixed amount of Common Stock at a price of $10.00per share upon the closing of a business combination or a similar event. At the closing of the Business Combination, all lenders provided notice to have their loans converted into shares upon the filing of a registration statement on Form S-1 with the SEC. As of June 30, 2024 September 30, 2024 and December 31, 2023, a registration statement has not yet been declared effective by the SEC, and a balance of $3.0million remains outstanding on the Company's condensed consolidated balance sheets, respectively. sheets.

12. 13. Commitments and Contingencies

Lease Agreement

The Company has a month-to-month lease for a suite at a cost of $530 per month. The Company incurred $2 thousand of rent expense, including common tenant costs and cancellation costs, during the three months ended June 30, 2024 September 30, 2024 and 2023, respectively, and $4 6 thousand for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively.

Litigation

From time to time, the Company may become involved in legal proceedings arising in the ordinary course of business. Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recognized, if and when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Company was not subject to any material legal proceedings during the six nine months ended June 30, 2024 September 30, 2024 and 2023.

13. 14. Subsequent Events

The Company has evaluated subsequent events occurring through December 11, 2024 December 17, 2024, the date the condensed consolidated financial statements were issued, for events requiring recording or disclosure in the Company's condensed consolidated financial statements.

Private Placements

On July 23, 2024 and July 25, 2024, the Company entered into securities purchase agreements (the "Securities Purchase Agreements") with certain institutional investors in connection with the private placement of its Common Stock and pre-funded warrants with aggregate gross proceeds of approximately $4.6 million, before deducting fees and expenses payable by the Company. The Company used $2.8 million of the net proceeds to purchase Bitcoin ($BTC). There is no guarantee on the holding period for the purchased Bitcoin. The Company intends to use the remaining net proceeds for working capital and general corporate purposes.

Pursuant to the Securities Purchase Agreements, the Company agreed to issue and sell to the investors 1,297,059 shares of its Common Stock at a price of $1.0278 per share, pre-funded warrants exercisable for 1,323,530 shares of its Common Stock at an exercise price of $1.0278 per share, and 2,301,791 shares of its Common Stock at a price of $0.85 per share. The investors were required to prepay the exercise price for the pre-funded warrants, other than $0.0001 per share. The pre-funded warrants will be exercisable at any time after the date of issuance and will not expire. The price per share of all Common Stock and pre-funded warrants sold in the private placement meets the minimum price requirement under Nasdaq Listing Rule 5635(d). The securities were issued to institutional accredited investors in a private placement pursuant to Section 4(a)(2) and Regulation D promulgated under the Securities Act.

On September 24, 2024, the Company entered into a securities purchase agreement (the "Follow-on SPA") with an institutional accredited investor in connection with the private placement of its Common Stock, warrants and pre-funded warrants with aggregate gross proceeds of approximately $1.7 million, before deducting fees and expenses payable by the Company. The Company used $0.4 million of the net proceeds to purchase Bitcoin ($BTC). There is no guarantee on the holding period for the purchased Bitcoin. The Company intends to use the remaining net proceeds for working capital and general corporate purposes.

Pursuant to the Follow-on SPA, the Company agreed to issue and sell to the investor 1,918,591 shares of its Common Stock at a price of $0.65 per share, warrants exercisable for 133,095 shares of its Common Stock at an exercise price of $0.325 per share and pre-funded warrants exercisable for 743,314 shares of its Common Stock at an exercise price of $0.65 per share. The investor was required to prepay the exercise price for the pre-funded warrants, other than $0.0001 per share. The warrants and pre-funded warrants will be exercisable at any time after the date of issuance and will not expire. The price per share of all Common Stock and pre-funded warrants sold in the private placement meets the minimum price requirement under Nasdaq Listing Rule 5635(d). The securities were issued to an institutional accredited investor in a private placement pursuant to Section 4(a)(2) and Regulation D promulgated under the Securities Act.

Yorkville Letter

On October 8, 2024, Yorkville sent the Company a letter notifying the Company that it had breached a registration rights agreement with Yorkville by failing to file a Registration Statement on Form S-1 on the timeline set forth in the registration rights agreement (the "Yorkville Letter"). The Yorkville Letter asserted that this breach was an event of default and an amortization event under the prepaid advance in connection with the SEPA. The Yorkville Letter also asserted that the Company's failure to timely file its Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024 was an event of default under the Yorkville Promissory Note. The Company subsequently engaged in discussions with Yorkville regarding the Yorkville Letter, which discussions are ongoing.

Pursuant to the Yorkville Promissory Note, upon the occurrence of an amortization event, the Company is required to pay all principal and accrued interest on the Yorkville Promissory Note, plus a 10% payment premium on the principal amount, in equal installments over 3 calendar months or until the amortization event is cured, whichever is earlier. In addition, upon the occurrence of an event of default, the interest rate on the Yorkville Promissory Note increases to 18% retroactive to the date of the event of default.

Executive Board Turnover

As previously announced on Form 8-K, on August 26, 2024, Lisa Embree, Chief Financial Officer, Executive Vice President, Treasurer and Secretary, notified the Company of her intention to resign from her position effective August 30, 2024.

Effective August 30, 2024, the Board of Directors of the Company (the "Board") appointed Mr. Robert Golden to serve as the Chief Financial Officer ("CFO") on an interim basis to fill the vacancy created by the resignation of Lisa Embree. Effective on his appointment as interim CFO, Mr. Golden stepped down as a member and the chair of the Audit Committee of the Board. In connection with his appointment as interim CFO, the Company entered into a consulting agreement with Mr. Golden, pursuant to which Mr. Golden will receive a $12,000 monthly salary and a grant of 100,000 restricted stock units, which will vest on the first anniversary of the consulting agreement, subject to the terms and conditions set forth in the consulting agreement.

As previously announced on a Current Report on Form 8-K filed with the SEC on October 8, 2024, on October 1, 2024, Paul J. Casey and Erkan Akyuz resigned from the Board of Directors of the Company (the "Board"), effective immediately. Also on October 1, 2024, the Board appointed Jair Clarke and Sherry Coonse McCraw to the Board to fill the vacancies created by Mr. Casey and Mr. Akyuz, respectively. In connection with Ms. Coonse McCraw and Mr. Clarke's service on the Board, the Board approved an RSU grant providing for the grant of 45,000 RSUs to each director for one full year of service (prorated for 2024). The RSUs will vest at the end of December 2024.

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

The following discussion and analysis are intended to help you understand our business, financial condition, results of operations, liquidity, and capital resources. You should read this discussion in conjunction with the Company's consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (this "Report") and in the Form 10-K/A.

In addition to historical financial analysis, this discussion and analysis contains forward-looking statements based upon current expectations that involve risks, uncertainties, and assumptions, as described under the heading "Cautionary Note Regarding Forward Looking Statements." Actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, risks and uncertainties, including those set forth under "Risk Factors" included elsewhere (or incorporated by reference) in this Report and in the Form 10-K/A. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "OneMedNet", "we", "us", "our," and "the Company" are intended to mean the business and operations of OneMedNet Corporation and its consolidated subsidiary following the Business Combination.

Company Overview

OneMedNet Corporation is a healthcare software company with solutions focused on digital medical image management, exchange, and sharing. The Company was founded in Delaware on November 20, 2015. The Company has been solely focused on creating solutions that simplify digital medical image management, exchange, and sharing. The Company has one wholly-owned subsidiary, OneMedNet Technologies (Canada) Inc., incorporated on October 16, 2015 under the provisions of the Business Corporations Act of British Columbia whose functional currency is the Canadian dollar. The Company's headquarters location is Eden Prairie, Minnesota.

Business Combination

On November 7, 2023, we held the closing of the Business Combination whereby Merger Sub merged with and into Legacy ONMD, with Legacy ONMD continuing as the surviving entity, which resulted in all of the issued and outstanding capital stock of Legacy ONMD being exchanged for shares of Common Stock upon the terms set forth in the agreement and plan of merger, dated April 25, 2022 (the "Merger Agreement"), by and among Data Knights, Merger Sub, Legacy ONMD, Data Knights, LLC, a Delaware limited liability company (the "Sponsor"), and Paul Casey, in his capacity as representative of the stockholders of Legacy ONMD. The Business Combination and other transactions that closed on November 7, 2023, pursuant to the Merger Agreement, led to Data Knights changing its name to "OneMedNet Corporation" and the business of the Company became the business of Legacy ONMD.

Pursuant to the terms of the Merger Agreement, the total consideration for the Business Combination and related transactions (the "Merger Consideration") was approximately $200 million. In connection with the special meeting of stockholders of Data Knights, certain public holders holding 1,600,741 shares of Data Knights common stock exercised their right to redeem such shares for a pro rata portion of the funds held by Continental Stock Transfer & Trust Company, as trustee in the trust account established in connection with Data Knights' initial public offering. Effective November 7, 2023, Data Knights' units ceased trading, and effective November 8, 2023, the Common Stock began trading on the Nasdaq Global Market under the symbol "ONMD" and the Public Warrants began trading on the Nasdaq Global Market under the symbol "ONMDW." The Common Stock and Public Warrants were transferred from The Nasdaq Global Market to The Nasdaq Capital Market at the opening of business on August 19, 2024, and continue to trade under the symbols "ONMD" and "ONMDW," respectively.

As a result of the Business Combination, holders of Data Knights common stock automatically received Common Stock of OneMedNet, and holders of Data Knights warrants automatically received warrants of OneMedNet with substantively identical terms. At the closing of the Business Combination, all shares of Data Knights owned by the Sponsor (consisting of shares of Data Knights common stock and shares of Data Knights Class B common stock), automatically converted into an equal number of shares of OneMedNet's Common Stock, and the private placement warrants held by the Sponsor automatically converted into warrants to purchase one share of OneMedNet Common Stock with substantively identical terms.

Key Components of Consolidated Statements of Operations

Revenue

The Company generates revenue from two streams: (1) iRWD, which provides regulatory grade imaging and clinical data in the pharmaceutical, device manufacturing, contract research organizations, and AI markets and (2) BEAM, which is a medical imaging exchange platform between hospital/healthcare systems, imaging centers, physicians and patients. iRWD is sold on a fixed fee basis based on the number of data units and the cost per data unit committed to in the customer contract. Revenue is recognized when the data is delivered to the customer. BEAM revenue is subscription-based revenue that is recognized ratably over the subscription period committed to by the customer. The Company invoices its BEAM customers quarterly or annually in advance with the customer contracts automatically renewing unless the customer issues a cancellation notice.

The Company excludes from revenue taxes collected from a customer that are assessed by a governmental authority and imposed on and concurrent with a specific revenue-producing transaction. The transaction price for the products is the invoiced amount. Advanced billings from contracts are deferred and recognized as revenue when earned. Deferred revenue consists of payments received in advance of performance under the contract. Such amounts are generally recognized as revenue over the contractual period. The Company receives payments from customers based upon contractual billing schedules. Accounts receivable is recorded when the right to consideration becomes unconditional. Payment terms on invoiced amounts typically range from zero to 90 days, with typical terms of 30 days.

Cost of Revenue

Our cost of revenue is composed of our distinct performance obligations of hosting, labor, and data cost.

General and Administrative

General and administrative functions include finance, legal, human resources, operations, and information technology support. These functions include costs for items such as salaries and benefits and other personnel-related costs, maintenance and supplies, professional fees for external legal, accounting, and other consulting services, and depreciation expense.

Research and Development

Costs incurred in the research and development of our products are expensed as incurred. Research and development costs include personnel, contracted services, materials, and indirect costs involved in the design and development of new products and services, as well as hosting expense.

Sales and Marketing

Our sales and marketing costs consist of labor and tradeshow costs.

Interest Expense

Interest expense consists of interest incurred on shareholder loans.

Other (Income) Expenses, Net

Other (income) expenses, net, primarily includes the changes in fair value of convertible debt and change in fair value of PIPE Notes for which we have elected the fair value option of accounting. Convertible notes payable, which include convertible promissory notes, PIPE Notes issued to related parties and the Yorkville Note, including accrued interest and contingently issuable warrants, contain embedded derivatives, including settlement of the contingent conversion features, which require bifurcation and separate accounting. Accordingly, we have elected to measure the entire contingently convertible debt instruments, including accrued interest, at fair value. These debt instruments were initially recorded at fair value as liabilities and are subsequently re-measured at fair value on our condensed consolidated balance sheet at the end of each reporting period and at settlement, as applicable. Other income or expenses, net, also includes changes in fair value of loan extensions, deferred underwriting fees, Bitcoin and warrants which are treated as liability instruments measured at fair value for accounting purposes, initially recorded at fair value and subsequently re-measured to fair value on our condensed consolidated balance sheets at the end of each reporting period. The changes in the fair value of these debt and liability instruments are recorded in changes in fair value, included as a component of other (income) expenses, net, in the condensed consolidated statements of operations.

At the closing of the Business Combination, convertible promissory notes were converted into Common Stock immediately prior to the Closing and were no longer outstanding as of the closing date.

Other (income) expenses, net, also includes foreign exchange and tax expenses related to the Company's operations and revenue outside of the United States.

Results of Operations

Comparison of the three months ended June 30, 2024 September 30, 2024 and 2023

The following table sets forth our condensed consolidated statements of operations data for the periods presented:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change $	Change %	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change $	Change %
Revenue								
Subscription revenue	$ 141	$ 173	$ (32)	-18%	$ 102	$ 256	$ (154)	-60%
Web imaging revenue	86	-	86	N/A	40	70	(30)	-43%
Total revenue	**227**	**173**	**54**	**31%**	**142**	**326**	**(184)**	**-56%**
Cost of revenue	329	230	99	43%	226	293	(67)	-23%
Gross margin	(102)	(57)	(45)	79%	(84)	33	(117)	-355%
Operating expenses								
General and administrative	1,716	624	1,092	175%	1,865	1,312	553	42%
Sales and marketing	253	311	(58)	-19%	140	243	(103)	-42%
Research and development	383	579	(196)	-34%	298	405	(107)	-26%
Total operating expenses	**2,352**	**1,514**	**838**	**55%**	**2,303**	**1,960**	**343**	**18%**
Loss from operations	**(2,454)**	**(1,571)**	**(883)**	**56%**	**(2,387)**	**(1,927)**	**(460)**	**24%**
Other expense (income), net								
Interest expense	41	-	41	N/A	36	-	36	N/A
Change in fair value of warrants	6	-	6	N/A	6	-	6	N/A
Change in fair value of PIPE Notes	52	-	52	N/A	(77)	-	(77)	N/A
Change in fair value of Yorkville Note	823	-	823	N/A	(262)	-	(262)	N/A
Change in fair value of derivative liability	160	-	160	N/A	(160)	-	(160)	N/A
Change in fair value of Bitcoin					124	-	124	N/A
Change in fair value of convertible promissory notes	-	5,836	(5,836)	-100%	-	7,621	(7,621)	-100%
Stock warrant expense	33	2,165	(2,132)	-98%	-	4,285	(4,285)	-100%
Other expense	20	29	(9)	-31%	4	7	(3)	-43%
Total other expense, net	1,135	8,030	(6,895)	-86%	(329)	11,913	(12,242)	-103%
Net loss	**$ (3,589)**	**$ (9,601)**	**$ 6,012**	**-63%**	**$ (2,058)**	**$ (13,840)**	**$ 11,782**	**-85%**

Revenue

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Change $	Change %	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change $	Change %
Subscription revenue (Beam)	$ 141	$ 173	$ (32)	-18%	$ 102	$ 256	$ (154)	-60%
Web imaging revenue (Real-World Data)	86	-	86	N/A	40	70	(30)	-43%
Total	$ 227	$ 173	$ 54	31%	$ 142	$ 326	$ (184)	-56%

Our revenue is comprised of sales made from our subscription revenue (BEAM) and from our web imaging (iRWD). For the three months ended June 30, 2024 September 30, 2024, overall revenue increased decreased by 31% 56% compared to the prior year period. The primary driver for the subscription revenue decrease was because of the planned discontinuation of this platform in 2025. As we move away from the BEAM platform to focus on iRWD sales, we have stopped renewals for most of our customers leading to decreased revenue for the three months ended June 30, 2024 September 30, 2024. The primary driver for the web imaging revenue increase decrease was due to our enhanced focus on iRWD sales leading to increased customer lower deliveries during the three months ended June 30, 2024 September 30, 2024.

Cost of Revenue

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023
Cost of revenue	329	230	226	293
% of revenue	145%	133%	159%	90%

For the three months ended June 30, 2024 September 30, 2024, our cost of revenue as a percentage of revenue increased by 12% 69% compared to the prior year period. The increase is primarily driven by lower subscription overall revenues and higher iRWD consulting costs as we transition away from the BEAM platform to focus on our iRWD product.

General and Administrative

Our general and administrative expense increased $1.1 million $0.6 million, or 175% 42%, to $1.7 million $1.9 million for the three months ended June 30, 2024 September 30, 2024 from $0.6 million $1.3 million for the three months ended June 30, 2023 September 30, 2023. The increase is primarily due to an increase in professional fees of $0.7 million $1.0 million from being a public company (e.g. higher legal, audit and consulting fees), and a commitment fee salaries and benefits of $0.5 million from the SEPA, $0.1 million, which are partially offset by a decrease in stock compensation expense of $24 thousand $0.6 million and other miscellaneous office expenses of $31 $35 thousand.

Sales and Marketing

Our sales & marketing expense decreased $58 thousand, $0.1 million, or 19% 42%, to $253 thousand $0.1 million for the three months ended June 30, 2024 September 30, 2024 from $311 thousand $0.2 million for the three months ended June 30, 2023 September 30, 2023. The decrease is primarily due to a decrease in consulting expenses of $76 thousand and salaries and benefits of $122 thousand and consulting fees of $26 $58 thousand, which are partially offset by increases in trade shows software expenses of $56 $17 thousand and dues and subscriptions of $16 thousand, and software of $17 thousand.

Research and development

Our research and development expense decreased $0.2 million $0.1 million, or 34% 26%, to $0.3 million for the three months ended September 30, 2024 from $0.4 million for the three months ended June 30, 2024 from $0.6 million for the three months ended June 30, 2023 September 30, 2023. The decrease is primarily due to a decrease in stock compensation expense of $159 thousand, and professional fees of $61 $56 thousand which are partially offset by an increase in salaries and benefits software and hosting expenses of $30 $20 thousand.

Interest Expense

During the three months ended June 30, 2024 September 30, 2024, interest expense was primarily comprised of interest expense on loans made from related parties (Management and Directors) and interest expense on the remaining $0.5 million $0.4 million of deferred underwriter fees payable. payable that is payable in cash. During the three months ended June 30, 2023 September 30, 2023, we did not incur any interest expense.

Change in Fair Value of Warrants

The change in fair value of Warrants during the three months ended September 30, 2024 was due to the closing of the Business Combination and the resulting fluctuations in the market price of shares of Common Stock.

Change in Fair Value of PIPE Notes

The change in fair value of PIPE Notes during the three months ended September 30, 2024 was due to the closing of the Business Combination and the resulting fluctuations in the market price of shares of Common Stock.

Change in Fair Value of Yorkville Note

The change in fair value of Yorkville Note during the three months ended June 30, 2024 September 30, 2024 was due to the Yorkville Note issued in June 2024 and the resulting fluctuations of the market price of shares of Common Stock.

Change in Fair Value of Derivative Liability

The change in fair value of derivative liability during the three months ended June 30, 2024 September 30, 2024 relates to the mark-to-market adjustment of the SEPA put option derivative liability. liability, which was determined to have no value as of September 30, 2024.

Change in Fair Value of Bitcoin

The change in fair value of Bitcoin during the three months ended September 30, 2024 relates to the mark-to-market adjustment of Bitcoin, which we began strategically investing in using excess cash from our private placement transactions. During the three months ended September 30, 2023, we did not have any Bitcoin holdings.

Change in Fair Value of Convertible Promissory Notes

The change in fair value of convertible promissory notes was due to the closing of the Business Combination and the resulting fluctuations of the market price of shares of Common Stock. The Legacy ONMD Convertible Promissory Notes were converted at the closing of the Business Combination and were no longer outstanding during the three months ended June 30, 2024 September 30, 2024.

Stock Warrant Expense

During the three months ended September 30, 2024, we did not incur any stock warrant expense. Stock warrant expense during the three months ended June 30, 2024 was due to the Helena Termination Warrants, which was considered a cost to terminate the Helena SPA.

Stock warrant expense during the three months ended June 30, 2023 September 30, 2023 was due to the Convertible Promissory Notes Warrants, which was most accurately portrayed as an issuance cost related to the Convertible Promissory Notes.

Comparison of the six nine months ended June 30, 2024 September 30, 2024 and 2023

The following tables set forth our condensed consolidated statements of operations data for the six months ended June 30, 2024 and 2023: periods presented:

	Six Months Ended June 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
Revenue								
Subscription revenue	$ 342	$ 340	$ 2	1%	$ 443	$ 595	$ (152)	-26%
Web imaging revenue	134	16	118	738%	174	86	88	102%
Total revenue	**476**	**356**	**120**	**34%**	**617**	**681**	**(64)**	**-9%**
Cost of revenue	646	519	127	24%	872	812	60	7%
Gross margin	(170)	(163)	(7)	4%	(255)	(131)	(124)	95%
Operating expenses								
General and administrative	3,073	1,163	1,910	164%	4,934	2,475	2,459	99%
Sales and marketing	483	571	(88)	-15%	623	813	(190)	-23%
Research and development	828	1,161	(333)	-29%	1,127	1,566	(439)	-28%
Total operating expenses	**4,384**	**2,895**	**1,489**	**51%**	**6,684**	**4,854**	**1,830**	**38%**
Loss from operations	**(4,554)**	**(3,058)**	**(1,496)**	**49%**	**(6,939)**	**(4,985)**	**(1,954)**	**39%**
Other expense (income), net								
Interest expense	83	-	83	N/A	120	-	120	N/A
Change in fair value of warrants	(1)	-	(1)	N/A	5	-	5	N/A
Change in fair value of PIPE Notes	33	-	33	N/A	(44)	-	(44)	N/A
Change in fair value of Yorkville Note	823	-	823	N/A	561	-	561	N/A
Change in fair value of derivative liability	160	-	160	N/A				
Change in fair value of Bitcoin					124	-	124	N/A
Change in fair value of convertible promissory notes	-	10,250	(10,250)	-100%	-	17,872	(17,872)	-100%
Stock warrant expense	33	4,100	(4,067)	-99%	33	8,385	(8,352)	-100%
Other expense	13	36	(23)	-64%	17	42	(25)	-60%
Total other expense, net	1,144	14,386	(13,242)	-92%	816	26,299	(25,483)	-97%
Net loss	**$ (5,698)**	**$ (17,444)**	**$ 11,746**	**-67%**	**$ (7,755)**	**$ (31,284)**	**$ 23,529**	**-75%**

Revenue

	Six Months Ended June 30,		Change		Nine Months Ended September 30,		Change	
	2024	2023	$	%	2024	2023	$	%
Subscription revenue (Beam)	$ 342	$ 340	$ 2	1%	$ 443	$ 595	$ (152)	-26%
Web imaging revenue (Real-World Data)	134	16	118	738%	174	86	88	102%
Total	$ 476	$ 356	$ 120	34%	$ 617	$ 681	$ (64)	-9%

Our revenue is comprised of sales made from our subscription revenue (BEAM) and from our web imaging (iRWD). For the six nine months ended June 30, 2024 September 30, 2024, overall revenue increased decreased by 34% 9%. The primary driver for the immaterial change decrease in subscription revenue was because of the planned discontinuation of this platform in 2025. As we move away from the BEAM platform to focus on iRWD sales, we have stopped renewals for most of our customers leading to an immaterial increase for the six nine months ended June 30, 2024 September 30, 2024. The primary driver for the web imaging revenue increase was due to our enhanced focus on iRWD sales leading to increased customer deliveries during the six nine months ended June 30, 2024 September 30, 2024.

Cost of Revenue

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cost of revenue	646	519	872	812
% of revenue	136 %	146 %	141 %	119 %

For the six nine months ended June 30, 2024 September 30, 2024, our cost of revenue as a percentage of revenue decreased increased by 10% 22%. The decrease increase is primarily driven by significant sales growth for our iRWD product, coupled with stable the decrease in BEAM revenue prior due to our planned discontinuation of the platform in 2025. The overall increase in cost of revenue is primarily In addition, due to an increase in salaries our enhanced focus on the iRWD product, we have incurred increased iRWD data and benefits, software consulting costs and iRWD consulting and data costs. during the nine months ended September 30, 2024.

General and Administrative

Our general and administrative expense increased $1.9 million $2.5 million, or 164% 99%, to $3.1 million $4.9 million for the six nine months ended June 30, 2024 September 30, 2024 from $1.2 million $2.5 million for the six nine months ended June 30, 2023 September 30, 2023. The increase is primarily due to an increase in professional fees of $1.3 million $2.3 million from being a public company (e.g. higher legal, audit and consulting fees), a commitment fee of $0.5 million from the SEPA, salaries and benefits of $0.1 million $0.2 million, and bad debt expense of $0.1 million, which are partially offset by a decrease in other miscellaneous office expenses stock compensation expense of $0.1 million $0.6 million.

Sales and Marketing

Our sales & marketing expense decreased $88 thousand, $0.2 million, or 15% 23%, to $483 thousand $0.6 million for the six nine months ended June 30, 2024 September 30, 2024 from $571 thousand $0.8 million for the six nine months ended June 30, 2023 September 30, 2023. The decrease is primarily due to a decrease in salaries and benefits of $206 thousand and consulting expense of $14 thousand, $0.3 million, which are is partially offset by increases an increase in trade shows of $83 thousand, dues and subscriptions of $31 thousand, and software of $15 thousand. $0.1 million.

Research and development

Our research and development expense decreased $0.3 million $0.4 million, or 29% 28%, to $0.8 million $1.1 million for the six nine months ended June 30, 2024 September 30, 2024 from $1.2 million $1.5 million for the six nine months ended June 30, 2023 September 30, 2023. The decrease is primarily due to a decrease in stock compensation expense of $0.4 million, which is partially offset by an increase in salaries and benefits of $0.1 million.

Interest Expense

During the six nine months ended June 30, 2024 September 30, 2024, interest expense was primarily comprised of interest expense on loans made from related parties (Management and Directors) and interest expense on the remaining $0.5 million $0.4 million of deferred underwriter fees payable. payable that is payable in cash. During the six nine months ended June 30, 2023 September 30, 2023, we did not incur any interest expense.

Change in Fair Value of Warrants

The change in fair value of Warrants during the nine months ended September 30, 2024 was due to the closing of the Business Combination and the resulting fluctuations in the market price of shares of Common Stock.

Change in Fair Value of PIPE Notes

The change in fair value of PIPE Notes during the nine months ended September 30, 2024 was due to the closing of the Business Combination and the resulting fluctuations in the market price of shares of Common Stock.

Change in Fair Value of Yorkville Note

The change in fair value of Yorkville Note during the six nine months ended June 30, 2024 September 30, 2024 was due to the Yorkville Note issued in June 2024 and the resulting fluctuations of the market price of shares of Common Stock.

Change in Fair Value of Derivative Liability Bitcoin

The change in fair value of derivative liability Bitcoin during the six nine months ended June 30, 2024 September 30, 2024 relates to the mark-to-market adjustment of Bitcoin, which we began strategically investing in using excess cash from our private placement transactions. During the SEPA put option derivative liability. nine months ended September 30, 2023, we did not have any Bitcoin holdings.

Change in Fair Value of Convertible Promissory Notes

The change in fair value of convertible promissory notes was due to the closing of the Business Combination and the resulting fluctuations of the market price of shares of Common Stock. The Legacy ONMD Convertible Promissory Notes were converted at the closing of the Business Combination and were no longer outstanding during the six nine months ended June 30, 2024 September 30, 2024.

Stock Warrant Expense

Stock warrant expense during the six nine months ended June 30, 2024 September 30, 2024 was due to the Helena Termination Warrants, which was considered a cost to terminate the Helena SPA.

Stock warrant expense during the six nine months ended June 30, 2023 September 30, 2023 was due to the Convertible Promissory Notes Warrants, which was most accurately portrayed as an issuance cost related to the Convertible Promissory Notes.

Non-GAAP Financial Measure

In addition to providing financial measurements based on U.S. GAAP, we provide an additional financial metric that is not prepared in accordance with U.S. GAAP (a "non-GAAP financial measure"). We use this non-GAAP financial measure, in addition to U.S. GAAP financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes, to measure executive compensation, and to evaluate our financial performance. This non-GAAP financial measure is Adjusted EBITDA, as discussed below.

We believe that this non-GAAP financial measure reflects our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as it facilitates comparing financial results across accounting periods and to those of peer companies. We also believe that this non-GAAP financial measure enables investors to evaluate our operating results and future prospects in the same manner as we do. This non-GAAP financial measure may exclude expenses and gains that may be unusual in nature, infrequent, or not reflective of our ongoing operating results.

This non-GAAP financial measure should not be viewed as a substitute for a U.S. GAAP financial measure and may be different from a similarly titled non-GAAP financial measure used by other companies. Furthermore, there are limitations inherent in the non-GAAP financial measure because it excludes charges and credits that are required to be included in a U.S. GAAP presentation. Accordingly, the non-GAAP financial measure does not replace the presentation of our U.S. GAAP financial measures and should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with U.S. GAAP. U.S. GAAP net loss is the closest comparable U.S. GAAP measure used.

We consider Adjusted EBITDA to be an important indicator of the operational strength and performance of our business and a good measure of our historical operating trends. Adjusted EBITDA eliminates items that we do not consider to be part of our core operations. We define Adjusted EBITDA as U.S. GAAP net loss excluding the following items: interest expense; income tax expense; depreciation and amortization of tangible assets; stock-based compensation; Business Combination transaction expenses; and other non-recurring items that may arise from time to time.

The non-GAAP adjustments, and our basis for excluding them from our non-GAAP financial measure, are outlined below:

- Adjusted EBITDA does not reflect interest expense or the cash requirements necessary to service payments on our shareholder loans, which is not a core form of financing for our business;
- Adjusted EBITDA does not reflect income tax expense, which relates to our foreign subsidiary, because we have suffered recurring consolidated operating losses since inception and expect that to continue in the future;
- Although depreciation and amortization are non-cash charges, the assets that we currently depreciate and amortize will likely have to be replaced in the future, and Adjusted EBITDA does not reflect the cash required to fund such replacements;
- Adjusted EBITDA excludes stock-based compensation expense which has been, and will continue to be for the foreseeable future, a significant recurring non-cash expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA does not reflect the effect of earnings or charges resulting from matters that our management does not consider to be indicative of our ongoing operations. However, some of these charges and gains (such as mark-to-market adjustments, stock warrant expense, etc.) have recurred and may recur; and
- Other companies, including companies in our industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

The following table reconciles U.S. GAAP net loss to Adjusted EBITDA during the three months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,	
	2024	**2023**
Net loss	$ (3,589)	$ (9,601)
Interest expense	41	-
Depreciation and amortization	11	6
Stock-based compensation	103	280
Change in fair value of warrants	6	-
Change in fair value of PIPE Notes	52	-
Change in fair value of Yorkville Note	823	-
Change in fair value of derivative liability	160	-
Change in fair value of convertible promissory notes	-	5,836
Stock warrant expense	33	2,165
Adjusted EBITDA	(2,360)	(1,314)

The following table reconciles U.S. GAAP net loss to Adjusted EBITDA during the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,	
	2024	2023
Net loss	$ (5,698)	$ (17,444)
Interest expense	83	-
Depreciation and amortization	21	13
Stock-based compensation	240	648
Change in fair value of warrants	(1)	-
Change in fair value of PIPE Notes	33	-
Change in fair value of Yorkville Note	823	-
Change in fair value of derivative liability	160	-
Change in fair value of convertible promissory notes	-	10,250
Stock warrant expense	33	4,100
Adjusted EBITDA	(4,306)	(2,433)

Liquidity and Capital Resources

As of June 30, 2024 September 30, 2024, our principal sources of liquidity were proceeds from related party investors and our revolving line of credit private placement transactions and cash received from customers.

The following table shows net cash and cash equivalents used in operating activities, net cash and cash equivalents used in investing activities, and net cash and cash equivalents provided by financing activities during the periods presented:

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net cash provided by (used in)				
Operating activities	$ (3,053)	$ (1,966)	$ (5,007)	$ (3,066)
Investing activities	(7)	(7)	(2,296)	(28)
Financing activities	3,720	2,014	9,190	3,435

Operating Activities

Our net cash and cash equivalents used in operating activities consists of net loss adjusted for certain non-cash items, including depreciation and amortization, stock-based compensation expense, changes in fair value of liability classified financial instruments, and as well as changes in operating assets and liabilities. The primary changes in working capital items, such as the changes in accounts receivable and deferred revenue, result from the difference in timing of payments from our customers related to contract performance obligations. This may result in an operating cash flow source or use for the period, depending on the timing of payments received as compared to the fulfillment of the performance obligation.

Net cash used in operating activities was $3.1 million $5.0 million during the six nine months ended June 30, 2024 September 30, 2024. Net cash used in operating activities was due to our net loss of $5.7 million $7.8 million, which is offset by non-cash items of $1.4 million $1.2 million, primarily consisting of stock-based compensation of $0.2 million $0.4 million, change in fair value of Yorkville Note of $0.8 million $0.6 million, change in fair value of derivative liability Bitcoin of $0.2 million $0.1 million, non-cash interest expense of $0.1 million, and cash from operating assets and liabilities of $1.3 million $1.5 million due to the timing of cash payments to vendors and cash receipts from customers.

By comparison, the Company's net cash used in operating activities was $2.0 million $3.1 million during the six nine months ended June 30, 2023 September 30, 2023. Net cash used in operating activities for the six nine months ended June 30, 2023 September 30, 2023 was due to our net loss of $17.4 million $31.3 million, which is offset by non-cash items of $15.0 million $27.7 million, primarily consisting of the change in fair value of convertible debt of $10.3 million $17.9 million, stock warrant expense of $4.1 million $8.4 million and stock-based compensation expense of $0.6 million $1.4 million, and cash from operating assets and liabilities of $0.5 million due to the timing of cash payments to vendors and cash receipts from customers.

Investing Activities

Our investing activities have consisted primarily of property and equipment purchases. purchases and Bitcoin holdings.

Net cash and cash equivalents used in investing activities during the six nine months ended June 30, 2024 and 2023 September 30, 2024 consisted of $7 a $2.8 million investment in Bitcoin and $28 thousand of purchased property and equipment, which are partially offset by a $0.5 million sale of Bitcoin.
Net cash and cash equivalents used in investing activities during the nine months ended September 30, 2023 consisted of $28 thousand of purchased property and equipment.

Financing Activities

Net cash provided by financing activities was $3.7 million $9.2 million for the six nine months ended June 30, 2024 September 30, 2024, which primarily consisted of $1.9 million $6.3 million of net proceeds received from three private placement transactions, $2.0 million of proceeds received from related party loans (net of $0.2 million of repayments) and $1.4 million of proceeds received from the issuance of the Yorkville Note, Note. These increases are partially offset by repayments of $0.1 million to settle a portion of our deferred underwriter fees payable and $0.5 million repurchases of proceeds from our revolving line of credit. Common Stock.

By comparison, the Company's net cash provided by financing activities was $2.0 million $3.4 million for the six nine months ended June 30, 2023 September 30, 2023, which primarily consisted of $2.1 million $3.9 million of proceeds from the issuance of convertible promissory notes, and $0.6 million $0.7 million of proceeds received from related party loans, offset by $0.7 million $1.2 million of Business Combination costs paid.

Contractual Obligations and Commitments and Going Concern Outlook

Currently, management does not believe that our cash and cash equivalents is sufficient to meet our foreseeable cash needs for at least the next 12 months. Our foreseeable cash needs, in addition to our recurring operating expenses, include our expected capital expenditures to support the expansion of our infrastructure and workforce, interest expense and minimum contractual obligations. Management intends to raise cash for operations through debt and equity offerings. As a result of the Company's recurring loss from operations and the need for additional financing to fund its operating and capital requirements there is uncertainty regarding the Company's ability to maintain liquidity sufficient to operate its business effectively, which raises substantial doubt as to the Company's ability to continue as a going concern.

Our future capital requirements will depend on many factors, including our growth rate, the timing and extent of spending to support research and development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced product and service offerings, and the cost of any future acquisitions of technology or businesses. In the event that additional financing is required from outside sources, we may be unable to raise the funds on acceptable terms, if at all.

The following table summarizes our current and long-term material cash requirements as of June 30, 2024 September 30, 2024:

		Payments due in:			Payments due in:	
	Total	**Less than 1 year**	**1-3 years**	**Total**	**Less than 1 year**	**1-3 years**
Accounts payable & accrued expenses	$ 6,477	$ 6,477	$ -	$ 6,161	$ 6,161	$ -
Loan extensions	2,992	2,992	-	2,992	2,992	-
Deferred underwriter fee payable	3,323	3,323	-	3,237	3,237	-
Loan, related party	2,392	2,392	-	2,306	2,306	-
PIPE Notes	1,670	1,670	-	1,593	1,593	-
Yorkville Note	2,173	2,173	-	1,911	1,911	-
Line of credit	500	500	-			
	$ 19,527	$ 19,527	$ -	$ 18,200	$ 18,200	$ -

Critical Accounting Policies and Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our condensed consolidated financial statements which have been prepared in accordance with GAAP. In preparing our financial statements, we make estimates, assumptions, and judgments that can have a significant impact on our reported revenue, results of operations, and net income or loss, as well as on the value of certain assets and liabilities on our balance sheet during and as of the reporting periods. These estimates, assumptions, and judgments are necessary because future events and their effects on our results of operations and the value of our assets cannot be determined with certainty and are made based on our historical experience and on other assumptions that we believe to be reasonable under the circumstances. These estimates may change as new events occur or additional information is obtained, and we may periodically be faced with uncertainties, the outcomes of which are not within our control and may not be known for a prolonged period of time. Because the use of estimates is inherent in the financial reporting process, actual results could differ from those estimates.

For a discussion of our critical accounting estimates, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Form 10-K/A, the notes to our audited financial statements appearing in the Form 10-K/A, and the notes to the financial statements appearing elsewhere in this Report. There Except as described in this Report, there have been no material changes to these critical accounting policies and estimates through June 30, 2024 September 30, 2024 from those discussed in the Form 10-K/A.

Recently Issued and Adopted Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our condensed consolidated financial statements included elsewhere in this Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act), as of June 30, 2024 September 30, 2024. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of June 30, 2024 September 30, 2024, our disclosure controls and procedures were not effective because of material weaknesses in our internal controls over financial reporting which were not designed properly to ensure proper identification of non-routine transactions and ensure appropriate segregation of duties.

Material Weakness Weaknesses

As disclosed elsewhere in this Report, we completed the Business Combination on November 7, 2023. Prior to the Business Combination, Data Knights, our predecessor, was a special purpose acquisition company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, recapitalization or similar business combination with one or more businesses. As a result, previously existing internal controls are no longer applicable or comprehensive enough as of the assessment date, because Data Knights’ operations prior to the Business Combination were insignificant compared to those of the consolidated entity post-Business Combination. As a result, management is aware of material weaknesses in the Company’s internal control related to user access/segregation of duties, lack of a formalized control environment and oversight of controls over financial reporting, errors in accounting for non-routine transactions, and lack of record keeping. Due to the limited transactional volume currently experienced combined with our financial limitations, we do not currently have an expanded accounting department that would allow us to better segregate duties. Over time, as we continue to grow and add accounting staff, we expect to continue to enhance our internal control structure, including appropriate segregation of duties. During September 2024, changes were made to accounting personnel to enhance our financial reporting structure, which we expect to alleviate reporting pressures, including reporting of non-routine transactions. In addition, the new personnel has focused on creating central filing repositories to manage accounting records and other company documents.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended June 30, 2024 September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We may be subject from time to time to various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business. Some of these claims, lawsuits and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief. We are not presently party to any legal proceedings that, in the opinion of management, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, financial condition, or cash flows.

Item 1A. Risk Factors.

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in the “Risk Factors” in the Form 10-K/A and our other public filings, which could materially affect our business, financial condition or future results. There Except as set forth below, there have been no material changes from risk factors previously disclosed in “Risk Factors” in the Form 10-K/A and our other public filings.

The value of Bitcoin has historically been subject to wide swings. Because we do not currently hedge our investment in Bitcoin and do not intend to for the foreseeable future, we are directly exposed to Bitcoin’s price volatility and surrounding risks.

While Bitcoin prices are determined primarily using datafrom various exchanges, over-the-counter markets and derivative platforms, they have historically been volatile and are impacted by a variety of factors. Such factors include, but are not limited to, the worldwide growth in the adoption and use of Bitcoins, the maintenance and development of the software protocol of the Bitcoin network, changes in consumer demographics and public tastes, fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Furthermore, pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of Bitcoin, or our share price, making prices more volatile.

Currently, we do not use a formula or specific methodology to determine whether or when we will sell Bitcoin that we hold, or the number of Bitcoins we will sell. Rather, decisions to hold or sell Bitcoins are currently determined by management by analyzing forecasts and monitoring the market in real time. Such decisions, however well-informed, may result in untimely sales and even losses, adversely affecting an investment in us. At this time, we do not anticipate engaging in any hedging activities related to our holding of Bitcoin; this would expose us to substantial decreases in the price of Bitcoin.

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

During the three months ended June 30, 2024 September 30, 2024, we did not have sales of unregistered securities not previously included in a Current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended June 30, 2024 September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

The following documents are included as exhibits to this Quarterly Report on Form 10-Q:

Exhibit Number	Description
3.1	Third Amended and Restated Certificate of Incorporation of OneMedNet Corporation (incorporated by reference to Exhibit 3.1 to the Company’s Form 8-K, filed with the SEC on November 13, 2023).
3.2	Amended and Restated Bylaws of OneMedNet Corporation (incorporated by reference to Exhibit 3.2 to the Registrant’s Current Report on Form 8-K filed with the SEC on November 13, 2023).
4.1	Description of the Registrant’s Securities (incorporated by reference to Exhibit 4.1 to the Registrant’s Annual Report on Form 10-K filed with the SEC on April 9, 2024).
4.2	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company’s Form S-1/A, filed with the SEC on April 7, 2021).
4.3	Warrant Agreement, dated May 6, 2021, between the Company and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 to the Company’s Form 8-K, filed with the SEC on May 11, 2021).
4.4	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on July 29, 2024).
4.5	Form of Warrant (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on October 1, 2024).
4.6	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.2 to the Registrant’s Current Report on Form 8-K filed with the SEC on October 1, 2024).
10.1	Amendment to the Form of Securities Purchase Agreement effective as of June 4, 2024, between OneMedNet Corporation and each investor identified on the signature pages thereto (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on June 6, 2024 July 29, 2024).
10.2	Termination Agreement, dated as Form of June 14, 2024, between OneMedNet Corporation and Helena Global Investment Opportunities 1 Ltd. Registration Rights Agreement (incorporated by reference to Exhibit 10.4 10.2 to the Registrant’s Current Report on Form 8-K filed with the SEC on June 21, 2024 July 29, 2024).
10.3	Standby Equity Purchase Form of Voting Agreement (incorporated by reference to Exhibit 10.3 to the Registrant’s Current Report on Form 8-K filed with the SEC on July 29, 2024).
10.4+	Consulting Agreement, dated as of June 17, 2024 August 30, 2024, by and between OneMedNet Corporation and YA II PN, LTD. Robert Golden (incorporated by reference to Exhibit 10.1 the Registrant’s Current Report on Form 8-K filed with the SEC on August 30, 2024).
10.5	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on June 21, 2024 October 1, 2024).
10.410.6	Promissory Note, dated as Form of June 18, 2024, issued by OneMedNet Corporation Amendment to YA II PN, LTD. Registration Rights Agreement (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed with the SEC on June 21, 2024 October 1, 2024).
10.510.7	Registration Rights Agreement, dated as Form of June 17, 2024, by and between OneMedNet Corporation and YA II PN, LTD. Amendment to Voting Agreement (incorporated by reference to Exhibit 10.3 to the Registrant’s Current Report on Form 8-K filed with the SEC on June 21, 2024 October 1, 2024).
10.8*	OneMedNet Corporation Compensation Recovery Policy
31.1*	Certification of Chief Executive Officer (Principal Executive Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2*	Certification of Chief Financial Officer (Principal Financial Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	Certification of Chief Executive Officer (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#	Certification of Chief Financial Officer (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.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.
+ Management or compensatory agreement or arrangement.
# The certifications furnished in Exhibit 32.1 and Exhibit 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

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, on December 11, 2024 December 17, 2024.

OneMedNet Corporation

By: */s/ Robert Golden*
Robert Golden
Interim Chief Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Exhibit 10.8

OneMedNet Corporation
Compensation Recovery Policy

(Adopted November 6, 2024)

The Board has determined that it is in the best interests of the Company and its stockholders to adopt this Policy enabling the Company to recover from specified current and former Company executives certain incentive-based compensation in the event of an accounting restatement resulting from material noncompliance with any financial reporting requirements under the federal securities laws. Capitalized terms are defined in Section 13.

This Policy is designed to comply with Rule 10D-1 of the Exchange Act and shall become effective on the Effective Date and shall apply to Incentive-Based Compensation Received by Covered Persons on or after the Listing Rule Effective Date.

1. Administration

This Policy shall be administered by the Administrator. The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. The Administrator may retain, at the Company's expense, outside legal counsel and such compensation, tax or other consultants as it may determine are advisable for purposes of administering this Policy.

2. Covered Persons and Applicable Compensation

This Policy applies to any Incentive-Based Compensation Received by a person (a) after beginning service as a Covered Person; (b) who served as a Covered Person at any time during the performance period for that Incentive-Based Compensation; and (c) was a Covered Person during the Clawback Period.

However, recovery is not required with respect to:

i. Incentive-Based Compensation Received prior to an individual becoming a Covered Person, even if the individual served as a Covered Person during the Clawback Period.

ii. Incentive-Based Compensation Received prior to the Listing Rule Effective Date.

iii. Incentive-Based Compensation Received prior to the Clawback Period.

iv. Incentive-Based Compensation Received while the Company did not have a class of listed securities on a national securities exchange or a national securities association, including the Exchange.

The Administrator will not consider the Covered Person's responsibility or fault or lack thereof in enforcing this Policy with respect to recoupment under the Final Rules.

3. Triggering Event

Subject to and in accordance with the provisions of this Policy, if there is a Triggering Event, the Administrator shall require a Covered Person to reimburse or forfeit to the Company the Recoupment Amount applicable to such Covered Person. A Company's obligation to recover the Recoupment Amount is not dependent on if or when the restated financial statements are filed.

4. Calculation of Recoupment Amount

The Recoupment Amount will be calculated in accordance with the Final Rules, as provided in the Calculation Guidelines attached hereto as Exhibit A.

5. Method of Recoupment

Subject to compliance with the Final Rules and applicable law, the Administrator will determine, in its sole discretion, the method for recouping the Recoupment Amount hereunder which may include, without limitation:

i. Requiring reimbursement or forfeiture of the pre-tax amount of cash Incentive-Based Compensation previously paid;

ii. Offsetting the Recoupment Amount from any compensation otherwise owed by the Company to the Covered Person, including without limitation, any prior cash incentive payments, executive retirement benefits, wages, equity grants or other amounts payable by the Company to the Covered Person in the future;

iii. Seeking recovery of any gain realized on the vesting, exercise, settlement, cash sale, transfer, or other disposition of any equity-based awards; and/or

iv. Taking any other remedial and recovery action permitted by law, as determined by the Administrator.

6. Arbitration

To the fullest extent permitted by law, any disputes under this Policy shall be submitted to mandatory binding arbitration (the "***Arbitrable Claims***"), governed by the Federal Arbitration Act (the "***FAA***"). Further, to the fullest extent permitted by law, no class or collective actions can be asserted in arbitration or otherwise. All claims, whether in arbitration or otherwise, must be brought solely in the Covered Person's individual capacity, and not as a plaintiff or class member in any purported class or collective proceeding.

SUBJECT TO THE ABOVE PROVISO, ANY RIGHTS THAT A COVERED PERSON MAY HAVE TO TRIAL BY JURY IN REGARD TO ARBITRABLE CLAIMS ARE WAIVED. ANY RIGHTS THAT A COVERED PERSON MAY HAVE TO PURSUE OR PARTICIPATE IN A CLASS OR COLLECTIVE ACTION PERTAINING TO ANY CLAIMS BETWEEN A COVERED PERSON AND THE COMPANY ARE WAIVED.

The Covered Person is not restricted from filing administrative claims that may be brought before any government agency where, as a matter of law, the Covered Person's ability to file such claims may not be restricted. However, to the fullest extent permitted by law, arbitration shall be the exclusive remedy for the subject matter of such administrative claims. The arbitration shall be conducted in San Jose, California through JAMS before a single neutral arbitrator, in accordance with the JAMS Comprehensive Arbitration Rules and Procedures then in effect, provided however, that the FAA, including its procedural provisions for compelling arbitration, shall govern and apply to this Arbitration provision. The arbitrator shall issue a written decision that contains the essential findings and conclusions on which the decision is based. If, for any reason, any term of this Arbitration provision is held to be invalid or unenforceable, all other valid terms and conditions herein shall be severable in nature and remain fully enforceable.

7. Recovery Process; Impracticability

Actions by the Administrator to recover the Recoupment Amount will be reasonably prompt.

The Administrator must cause the Company to recover the Recoupment Amount unless the Administrator shall have previously determined that recovery is impracticable and one of the following conditions is met:

i. The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; before concluding that it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on expense of enforcement, the Company must make a reasonable attempt to recover such erroneously awarded Incentive-Based Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange;

ii. Recovery would violate home country law where that law was adopted prior to November 28, 2022; before concluding that it would be impracticable to recover any amount of erroneously awarded Incentive-Based Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and must provide such opinion to the Exchange; or

iii. Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

8. Non-Exclusivity

The Administrator intends that this Policy will be applied to the fullest extent of the law. Without limitation to any broader or alternate clawback authorized in any written document with a Covered Person, (i) the Administrator may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Person to agree to abide by the terms of this Policy, and (ii) this Policy will nonetheless apply to Incentive-Based Compensation as required by the Final Rules, whether or not specifically referenced in those arrangements. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any other clawback policy of the Company as then in effect, or any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies or regulations available or applicable to the Company (including SOX 304). If recovery is required under both SOX 304 and this Policy, any amounts recovered pursuant to SOX 304 may, in the Administrator's discretion, be credited toward the amount recovered under this Policy, or vice versa.

9. No Indemnification

The Company shall not indemnify any Covered Persons against (i) the loss of erroneously awarded Incentive-Based Compensation or any adverse tax consequences associated with any incorrectly awarded Incentive-Based Compensation or any recoupment hereunder, or (ii) any claims relating to the Company enforcement of its rights under this Policy. For the avoidance of doubt, this prohibition on indemnification will also prohibit the Company from reimbursing or paying any premium or payment of any third-party insurance policy to fund potential recovery obligations obtained by the Covered Person directly. No Covered Person will seek or retain any such prohibited indemnification or reimbursement.

Further, the Company shall not enter into any agreement that exempts any Incentive-Based Compensation from the application of this Policy or that waives the Company's right to recovery of any erroneously awarded Incentive-Based Compensation and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date).

10. Successors

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators or other legal representatives and shall inure to the benefit of any successor to the Company.

11. Interpretation of Policy

To the extent there is any ambiguity between this Policy and the Final Rules, this Policy shall be interpreted so that it complies with the Final Rules. If any provision of this Policy, or the application of such provision to any Covered Person or circumstance, shall be held invalid, the remainder of this Policy, or the application of such provision to Covered Persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

In the event any provision of this Policy is inconsistent with any requirement of any Final Rules, the Administrator, in its sole discretion, shall amend and administer this Policy and bring it into compliance with such rules.

Any determination under this Policy by the Administrator shall be conclusive and binding on the applicable Covered Person. Determinations of the Administrator need not be uniform with respect to Covered Persons or from one payment or grant to another.

12. Amendments; Termination

The Administrator may make any amendments to this Policy as required under applicable law, rules and regulations, or as otherwise determined by the Administrator in its sole discretion. The Administrator may terminate this Policy at any time.

13. Definitions

"***Administrator***" means the Compensation Committee of the Board, or in the absence of a committee of independent directors responsible for executive compensation decisions, a majority of the independent directors serving on the Board.

"***Board***" means the Board of Directors of the Company.

"***Clawback Measurement Date***" is the earlier to occur of:

i. The date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in this Policy; or

ii. The date a court, regulator, or other legally authorized body directs the Company to prepare an accounting restatement as described in this Policy.

"***Clawback Period***" means the three (3) completed fiscal years immediately prior to the Clawback Measurement Date and any transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year (that results from a change in the Company's fiscal year) within or immediately following such three (3)-year period; provided that any transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of 9 to 12 months will be deemed a completed fiscal year.

"***Company***" means OneMedNet Corporation, a Delaware corporation, or any successor corporation.

"***Covered Person***" means any Executive Officer (as defined in the Final Rules), including, but not limited to, those persons who are or have been determined to be "officers" of the Company within the meaning of Section 16 of Rule 16a-1(f) of the rules promulgated under the Exchange Act, and "executive officers" of the Company within the meaning of Item 401(b) of Regulation S-K, Rule 3b-7 promulgated under the Exchange Act, and Rule 405 promulgated under the Securities Act of 1933, as amended; provided that the Administrator may identify additional employees who shall be treated as Covered Persons for the purposes of this Policy with prospective effect, in accordance with the Final Rules.

"***Effective Date***" means November 6, 2024, the date the Policy was adopted by the Board.

“***Exchange***” means The Nasdaq Stock Market or any other national securities exchange or national securities association in the United States on which the Company has listed its securities for trading.

“***Exchange Act***” means the Securities Exchange Act of 1934, as amended.

“***Final Rules***” means the final rules promulgated by the SEC under Section 954 of the Dodd-Frank Act, Rule 10D-1 and Exchange listing standards, as may be amended from time to time.

“***Financial Reporting Measure***” are measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and TSR are also financial reporting measures. A financial reporting measure need not be presented within the financial statements or included in a filing with the SEC.

“***Incentive-Based Compensation***” means compensation that is granted, earned or vested based wholly or in part on the attainment of any Financial Reporting Measure. Examples of “Incentive-Based Compensation” include, but are not limited to: non-equity incentive plan awards that are earned based wholly or in part on satisfying a Financial Reporting Measure performance goal; bonuses paid from a “bonus pool,” the size of which is determined based wholly or in part on satisfying a Financial Reporting Measure performance goal; other cash awards based on satisfaction of a Financial Reporting Measure performance goal; restricted stock, restricted stock units, performance share units, stock options, and SARs that are granted or become vested based wholly or in part on satisfying a Financial Reporting Measure goal; and proceeds received upon the sale of shares acquired through an incentive plan that were granted or vested based wholly or in part on satisfying a Financial Reporting Measure goal. “Incentive-Based Compensation” excludes, for example, time-based awards such as stock options or restricted stock units that are granted or vest *solely* upon completion of a service period; awards based on non-financial strategic or operating metrics such as the consummation of a merger or achievement of non-financial business goals; service-based retention bonuses; discretionary compensation; and salary.

“***Listing Rule Effective Date***” means the effective date of the listing standards of the Exchange on which the Company’s securities are listed.

“***Policy***” means this Compensation Recovery Policy.

Incentive-Based Compensation is deemed “***Received***” in the Company’s fiscal period during which the relevant Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, irrespective of whether the payment or grant occurs on a later date or if there are additional vesting or payment requirements, such as time-based vesting or certification or approval by the Compensation Committee or Board, that have not yet been satisfied.

“***Recoupment Amount***” means the amount of Incentive-Based Compensation Received by the Covered Person based on the financial statements prior to the restatement that exceeds the amount such Covered Person would have received had the Incentive-Based Compensation been determined based on the financial restatement, computed without regard to any taxes paid (*i.e*., gross of taxes withheld).

“***SARs***” means stock appreciation rights.

“***SEC***” means the U.S. Securities and Exchange Commission.

“***SOX 304***” means Section 304 of the Sarbanes-Oxley Act of 2002.

“***Triggering Event***” means any event in which the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“***TSR***” means total stockholder return.

EXHIBIT A
Calculation Guidelines

For purposes of calculating the Recoupment Amount:

i. For cash awards not paid from bonus pools, the erroneously awarded compensation is the difference between the amount of the cash award (whether payable as a lump sum or over time) that was received and the amount that should have been received applying the restated Financial Reporting Measure.

ii. For cash awards paid from bonus pools, the erroneously awarded compensation is the pro rata portion of any deficiency that results from the aggregate bonus pool that is reduced based on applying the restated Financial Reporting Measure.

iii. For equity awards, if the shares, options, restricted stock units, or SARs are still held at the time of recovery, the erroneously awarded compensation is the number of such securities received in excess of the number that should have been received applying the restated Financial Reporting Measure (or the value of that excess number). If the options or SARs have been exercised, but the underlying shares have not been sold, the erroneously awarded compensation is the number of shares underlying the excess options or SARs (or the value thereof). If the underlying shares have been sold, the Company may recoup proceeds received from the sale of shares.

iv. For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement:

   a. The amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or TSR upon which the Incentive-Based Compensation was Received; and

   b. The Company must maintain documentation of the determination of that reasonable estimate and the Company must provide such documentation to the Exchange in all cases.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Aaron Green, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneMedNet Corporation;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: December 11, 2024 December 17, 2024	By: */s/ Aaron Green*
	Aaron Green
	Chief Executive Officer
	(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Golden, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of OneMedNet Corporation;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: December 11, 2024 December 17, 2024

By: */s/ Robert Golden*
Robert Golden
Interim Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of OneMedNet Corporation (the "Company") for the quarter ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Aaron Green, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: December 11, 2024 December 17, 2024

By: */s/ Aaron Green*
Aaron Green
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of OneMedNet Corporation (the "Company") for the quarter ended June 30, 2024 September 30, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Robert Golden, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: December 11, 2024 December 17, 2024	By: */s/ Robert Golden*
	Robert Golden Interim Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

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