0001437749-25-003669amix20241231_10q.htm 0001617867Autonomix Medical, Inc.false--03-31Q320250.0010.00110,000,00010,000,00000000.0010.001500,000,000500,000,0002,462,9832,462,983942,575942,5751111115000030000000000110001008,000,0000.480.9870010205Decembe
31, 20250.001040.10.111111150.00100.10.10.1031011,25011,25011,250200.156125falsefalsefalsefalseFor the subsequent recurring fair value measurements as of December 31, 2023, the Company updated the expected term to a range between 0.07 - 0.50 years.The initial discount rate was chosen based on private equity rates of return as described in the AICPA Practice Aid on Valuation of Privately-Held-Company Equity securities issued as compensation. For the recurring fair value measurement, the Company updated the discount rate based upon yield curves estimated to be similar in credit quality to the Company. The updated discount rate as of December 31, 2023 was 19.93%;Shares were based on an estimated initial public offering price of $100.00.Aggregate Intrinsic Value = Excess of market value over the exercise price of all in-the-money stock. No outstanding or exercisable options were in-the-money as of March 31, 2024. The warrant has a $0.02 strike price, however, the strike price is low relative to the stock price, making the warrant value close to the value of a stock unit. The agreement has a fixed payment value of $8.0 million, see Note 6 â€“ Related Party Transactions;Scenario probability as of issuance and December 31, 2023 was based on timing expectations of management that a qualified offering occurring as of December 31, 2023 and January 25, 2024 was estimated at 70% and 0%; respectively; a qualified offering occurring as of June 30, 2024 was estimated at 10%; for both periods; and no qualified offering occurring was estimated at 20% for both periods;Shares for the convertible note proceeds received as of September 30, 2024.Amount includes 87,531 common warrants; 91,985 representative warrants; 222,262 pre-funded warrants; and 1,533,096 Series A 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(Exact Name of Registrant as Specified in Its Charter) Â Delaware 47-1607810 (State or Other Jurisdiction of (I.R.S. Employer Identification No.) Incorporation or Organization) Â Â 21 Waterway Avenue, Suite 300 The Woodlands, Texas 77380 (Address of Principal Executive Offices) (Zip Code) Â Registrantâ€™s Telephone Number, including Area Code: (713) 588-6150 Â (Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report) Â Securities registered pursuant to Section 12(b) of the Exchange Act: Title of each class Trading Symbol(s) Name of each exchange on which registered Common Stock, $0.001 par value AMIX The Nasdaq Stock Market Â Indicate by check mark whether the registrant (1)Â has filed all reports required to be filed by SectionÂ 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods as the registrant was required to file such reports) and (2)Â has been subject to such filing requirements for the past 90Â days.Â Â Â Â YesÂ Â â˜’Â Â Â Â NoÂ Â â˜ Â Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submittedÂ pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submitÂ such files).Â Â Â Â YesÂ Â â˜’Â Â Â Â NoÂ Â â˜ Â 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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting companyâ€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act. Â Large accelerated Filer â˜ Accelerated Filer â˜ Non-accelerated Filer â˜’ Smaller reporting company â˜’ Â Emerging growth company â˜’ Â 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. â˜ Â Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).Â Â Â Â YesÂ Â â˜Â Â Â Â NoÂ Â â˜’ Â The number of shares of the Company's outstanding common stock as ofÂ February 10, 2025 was 2,462,983. Â Â Â 2 Table of Contents Â Â Autonomix Medical, Inc. Index to Unaudited Condensed Financial Statements Â Â Â Page PART I FINANCIAL INFORMATION Â Â Â Item 1. Financial Statements 4 Â Unaudited Condensed Balance Sheets as of December 31, 2024 and March 31, 2024 4 Â Unaudited Condensed Statement of Operations for the three and nine months ended December 31, 2024 and 2023 5 Â Unaudited Condensed Statements of Stockholdersâ€™Â Equity for the three and nine months ended December 31, 2024 and 2023 6 Â Unaudited Condensed Statement of Cash Flows for the nine months ended December 31, 2024 and 2023 7 Â Notes to the Unaudited Condensed Financial Statements 8 Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations 20 Item 3. Quantitative and Qualitative Disclosures About Market Risk 24 Item 4. Controls and Procedures 24 Â Â Â PART II OTHER INFORMATION Â Â Â Item 1. Legal Proceedings 26 Item 1A. Risk Factors 26 Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 26 Item 3. Defaults Upon Senior Securities 26 Item 4. Mine Safety Disclosures 26 Item 5. Other Information 26 Item 6. Exhibits 26 Signatures 27 Â 3 Table of Contents Â Â PART I - FINANCIAL INFORMATION Â Item 1. Financial Statements Â Autonomix Medical, Inc. Condensed Balance Sheets (Unaudited) Â (in thousands, except par value and share data) Â As of Â Â Â December 31, Â Â March 31, Â Â Â 2024 Â Â 2024 Â Â Â Â Â Â Â Â Â Â Assets Â Â Â Â Â Â Â Â Current assets: Â Â Â Â Â Â Â Â Cash and cash equivalents Â $11,823Â Â $8,608Â Other current assets Â Â 109Â Â Â 783Â Total current assets Â Â 11,932Â Â Â 9,391Â Long term assets: Â Â Â Â Â Â Â Â Fixed assets, net Â Â 20Â Â Â 16Â Total long term assets Â Â 20Â Â Â 16Â Â Â Â Â Â Â Â Â Â Total Assets Â $11,952Â Â $9,407Â Â Â Â Â Â Â Â Â Â Liabilities and Stockholders' Equity Â Â Â Â Â Â Â Â Current liabilities: Â Â Â Â Â Â Â Â Accounts payable Â $232Â Â $492Â Short term debt - convertible notes, net of unamortized debt discount Â Â 1,132Â Â Â -Â Accrued expenses Â Â 881Â Â Â 285Â Total current liabilities Â Â 2,245Â Â Â 777Â Long term liabilities: Â Â Â Â Â Â Â Â Long term debt - convertible notes, net of unamortized debt discount Â Â -Â Â Â 1,002Â Total long term liabilities Â Â -Â Â Â 1,002Â Â Â Â Â Â Â Â Â Â Total Liabilities Â $2,245Â Â $1,779Â Â Â Â Â Â Â Â Â Â Commitments and contingencies (Note 5) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Stockholders' equity: Â Â Â Â Â Â Â Â Preferred stock, $0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of December 31, 2024 and March 31, 2024, respectively Â $-Â Â $-Â Common stock, $0.001 par value, 500,000,000 shares authorized, 2,462,983 and 942,575 shares issued and outstanding as of December 31, 2024 and March 31, 2024, respectively Â Â 2Â Â Â 1Â Additional paid-in capital Â Â 56,892Â Â Â 46,596Â Accumulated deficit Â Â (47,187)Â Â (38,969) Total Stockholders' Equity Â Â 9,707Â Â Â 7,628Â Â Â Â Â Â Â Â Â Â Total Liabilities and Stockholders' Equity Â $11,952Â Â $9,407Â See accompanying notes to the unaudited condensed financial statements. Â 4 Table of Contents Â Â Autonomix Medical, Inc. Condensed Statements of Operations (Unaudited) Â Â Â Three Months Ended Â Â Nine Months Ended Â Â Â December 31, Â Â December 31, Â Â Â Â Â Â 2023 Â Â Â Â Â 2023 Â (in thousands, except share and per share data) Â 2024 Â Â (as revised) Â Â 2024 Â Â (as revised) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Operating expenses: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â General and administrative Â $ 1,703 Â Â $ 2,237 Â Â $ 5,164 Â Â $ 3,531 Â Research and development Â Â 1,044 Â Â Â 687 Â Â Â 3,172 Â Â Â 1,527 Â Warrant expense - termination agreement Â Â - Â Â Â - Â Â Â - Â Â Â 4,556 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Total operating expenses Â Â 2,747 Â Â Â 2,924 Â Â Â 8,336 Â Â Â 9,614 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Loss from operations Â Â (2,747) Â Â (2,924) Â Â (8,336) Â Â (9,614) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Other income (expense): Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Warrant liability - mark-to-market Â Â - Â Â Â (179) Â Â - Â Â Â (418) Interest expense Â Â (45) Â Â (33) Â Â (130) Â Â (33) Interest income Â Â 80 Â Â Â 23 Â Â Â 247 Â Â Â 47 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Total other income (expense) Â Â 35 Â Â Â (189) Â Â 117 Â Â Â (404) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Loss before income taxes Â Â (2,712) Â Â (3,113) Â Â (8,219) Â Â (10,018) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Income taxes Â Â - Â Â Â - Â Â Â - Â Â Â - Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Net loss Â $ (2,712) Â $ (3,113) Â $ (8,219) Â $ (10,018) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Loss per share - basic and diluted Â $ (1.46) Â $ (3.07) Â $ (5.72) Â $ (10.02) Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Weighted average shares outstanding - basic and diluted Â Â 1,851,910 Â Â Â 1,014,036 Â Â Â 1,437,982 Â Â Â 999,866 Â Â See accompanying notes to the unaudited condensed financial statements. Â 5 Table of Contents Â Â Autonomix Medical, Inc. Condensed Statements of Changes in Stockholders' Equity (Unaudited) Â Â Â Â Â Â Â Â Â Â Additional Â Â Â Â Â Â Total Â Â Â Common Stock Â Â Paid-in Â Â Accumulated Â Â Stockholders' Â (in thousands) Â Shares Â Amount Â Â Capital Â Â Deficit Â Â Equity Â Balance March 31, 2023 Â Â 617 Â Â $ 1 Â Â $ 24,186 Â Â $ (23,543) Â $ 644 Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (865) Â Â (865) Issuance of common stock Â Â 71 Â Â Â - Â Â Â 2,840 Â Â Â - Â Â Â 2,840 Â Balance June 30, 2023 Â Â 688 Â Â Â 1 Â Â Â 27,026 Â Â Â (24,408) Â Â 2,619 Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (6,040) Â Â (6,040) Stock-based compensation Â Â - Â Â Â - Â Â Â 151 Â Â Â - Â Â Â 151 Â Warrants issued for debt issuance costs Â Â - Â Â Â - Â Â Â 346 Â Â Â - Â Â Â 346 Â Balance September 30, 2023 Â Â 688 Â Â Â 1 Â Â Â 27,523 Â Â Â (30,448) Â Â (2,924) Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (3,113) Â Â (3,113) Stock-based compensation Â Â - Â Â Â - Â Â Â 212 Â Â Â - Â Â Â 212 Â Warrants issued for debt issuance costs Â Â - Â Â Â - Â Â Â 230 Â Â Â - Â Â Â 230 Â Issuance of common stock - warrants exercised Â Â 35 Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Balance December 31, 2023 Â Â 723 Â Â Â 1 Â Â $ 27,965 Â Â $ (33,561) Â $ (5,595) Â Balance March 31, 2024 Â Â 943 Â Â Â 1 Â Â Â 46,596 Â Â Â (38,969) Â Â 7,628 Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (2,699) Â Â (2,699) Stock-based compensation Â Â - Â Â Â - Â Â Â 360 Â Â Â - Â Â Â 360 Â Issuance of common stock - warrants exercised Â Â 20 Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Balance June 30, 2024 Â Â 963 Â Â Â 1 Â Â Â 46,956 Â Â Â (41,668) Â Â 5,289 Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (2,807) Â Â (2,807) Stock-based compensation Â Â - Â Â Â - Â Â Â 445 Â Â Â - Â Â Â 445 Â Issuance of common stock Â Â 12 Â Â Â - Â Â Â 101 Â Â Â - Â Â Â 101 Â Issuance of common stock - warrants exercised Â Â 177 Â Â Â - Â Â Â - Â Â Â - Â Â Â - Â Balance September 30, 2024 Â Â 1,152 Â Â $ 1 Â Â $ 47,502 Â Â $ (44,475) Â $ 3,028 Â Net loss Â Â - Â Â Â - Â Â Â - Â Â Â (2,712) Â Â (2,712) Stock-based compensation Â Â - Â Â Â - Â Â Â 418 Â Â Â - Â Â Â 418 Â Issuance of common shares and equity classified warrants, net of offering costs Â Â 616 Â Â Â - Â Â Â 8,972 Â Â Â - Â Â Â 8,972 Â Issuance of common stock - warrants exercised Â Â 695 Â Â Â 1 Â Â Â - Â Â Â - Â Â Â 1 Â Balance December 31, 2024 Â Â 2,463 Â Â $ 2 Â Â $ 56,892 Â Â $ (47,187) Â $ 9,707 Â Â See accompanying notes to the unaudited condensed financial statements. Â 6 Table of Contents Â Â Autonomix Medical, Inc. Condensed Statements of Cash Flows (Unaudited) Â Â Â Nine Months Ended December 31, Â (in thousands) Â 2024 Â Â 2023 Â Â Â Â Â Â Â Â Cash Flows from Operating Activities: Â Â Â Â Â Â Â Â Net loss Â $ (8,219) Â $ (10,018) Adjustments to reconcile net loss to net cash used in operating activities: Â Â Â Â Â Â Â Â Stock-based compensation Â Â 1,223 Â Â Â 363 Â Depreciation and amortization expense Â Â 135 Â Â Â 35 Â Issuance of common stock, net of discount for lack of marketability Â Â 101 Â Â Â - Â Warrant expense - termination agreement Â Â - Â Â Â 4,556 Â Warrant liability - mark-to-market Â Â - Â Â Â 418 Â Changes in operating assets - decrease/(increase): Â Â Â Â Â Â Â Â Other current assets Â Â 675 Â Â Â (467) Changes in operating liabilities - (decrease)/increase: Â Â Â Â Â Â Â Â Accounts payable Â Â (261) Â Â 490 Â Accrued expenses Â Â 597 Â Â Â 262 Â Net cash used in operating activities Â Â (5,749) Â Â (4,361) Â Â Â Â Â Â Â Â Cash Flows from Investing Activities: Â Â Â Â Â Â Â Â Purchase of property and equipment Â Â (10) Â Â (16) Net cash used in investing activities Â Â (10) Â Â (16) Â Â Â Â Â Â Â Â Cash Flows from Financing Activities: Â Â Â Â Â Â Â Â Issuance of common stock, pre-funded and common warrants Â Â 10,025 Â Â Â - Â Payment of issuance costs for financing Â Â (1,052) Â Â - Â Proceeds from exercise of warrants Â Â 1 Â Â Â - Â Issuance of common stock Â Â - Â Â Â 2,840 Â Issuance of convertible debt Â Â - Â Â Â 2,000 Â Payment of offering costs for IPO Â Â - Â Â Â (110) Net cash provided by financing activities Â Â 8,974 Â Â Â 4,730 Â Â Â Â Â Â Â Â Net increase in cash and cash equivalents Â Â 3,215 Â Â Â 353 Â Â Â Â Â Â Â Â Cash and cash equivalents, at beginning of period Â Â 8,608 Â Â Â 865 Â Â Â Â Â Â Â Â Cash and cash equivalents, at end of period Â $ 11,823 Â Â $ 1,218 Â Â Â Â Â Â Â Â Supplemental cash flow disclosures: Â Â Â Â Â Â Â Â Non-cash financing activities: Â Â Â Â Â Â Â Â Warrants issued for debt issuance costs Â $ - Â Â $ 576 Â Warrants issued for equity issuance costs Â $ 479 Â Â $ - Â Proceeds from cashless exercise of warrants Â $ 39 Â Â $ 1 Â Â See accompanying notes to the unaudited condensed financial statements. Â 7 Table of Contents Â Â Autonomix Medical, Inc. Notes to the Unaudited Condensed Financial Statements Â Â Note 1 â€“ Description of the Business, Basis of Presentation and Summary of Significant Accounting Policies Â Description of the Business Â Autonomix Medical, Inc. (â€œwe,â€ â€œour,â€ the â€œCompanyâ€) is a medical device company organized as a Delaware corporation on June 10, 2014. The Company is a pre-revenue, clinical stage life sciences company focused on advancing innovative technologies for sensing and treating disorders relating to the peripheral nervous system. Â Reverse Stock Split Â The CompanyÂ held its annual meeting of stockholders (the "Annual Meeting") on October 17, 2024. In that Annual Meeting, stockholders of the Company approved an amendment to the Companyâ€™s amended and restated certificate of incorporation (the "Amendmentâ€) to effect the reverse stock split at a ratio in the range of 1-for-2 to 1-for-50, with such ratio to be determined in the discretion of the Companyâ€™s board of directors and with such reverse stock split to be effected at such time and date, if at all, as determined by the Companyâ€™s board of directors in its sole discretion prior to the one-year anniversary of the Annual Meeting. Â Pursuant to such authority granted by the Companyâ€™s stockholders, the Companyâ€™s board of directors approved a one-for- twenty (1:20) reverse stock split (the "Reverse Stock Splitâ€) of the Companyâ€™s common stock and the filing of the Amendment to effectuate the Reverse Stock Split. The Amendment was filed with the Secretary of State of the State of Delaware and the Reverse Stock Split became effective in accordance with the terms of the Amendment at 11:59 p.m. Eastern Time on October 24, 2024 (the "Effective Timeâ€), and the Companyâ€™s common stock openedÂ for trading on The Nasdaq Capital Market on October 25, 2024 on a post-split basis, under the existing ticker symbol "AMIXâ€ but with a new CUSIP number 05330T205. The Amendment provides that, at the Effective Time, every twenty shares of the Companyâ€™s issued and outstanding common stock will automatically be combined into one issued and outstanding share of common stock, without any change in par value per share, which will remain $0.001. Â The number of authorized shares of common stock remainedÂ at 500 million shares. As a result of the Reverse Stock Split, proportionate adjustments were made to the per share exercise price and/or the number of shares issuable upon the exercise or vesting of all outstanding stock options, restricted stock unit awards, warrants and convertible notes, which resulted in a proportional decrease in the number of shares of the Companyâ€™s common stock reserved for issuance upon exercise or vesting of such stock options, restricted stock unit awards, warrants and convertible notes and, in the case of stock options and warrants, a proportional increase in the exercise price of all such stock options and warrants. Â The Companyâ€™s stock option awards did not automatically adjust for the Reverse Stock Split.Â However, the Company chose to exercise its rights under the agreements to adjust the exercise price and number of shares exercisable or issuable upon vesting proportionately for the Reverse Stock Split.Â Based on the analysis performed, the Company does not need to recognize any additional compensation expense as a result of the modification. Â In addition, the number of shares reserved for issuance under the Companyâ€™s equity compensation plan immediately prior to the Effective Time was reduced proportionately. Â No fractional shares were issued as a result of the Reverse Stock Split. Any stockholder who would have been entitled to receive a fractional share as a result of the process was entitled to the rounding up of the fractional share to the nearest whole number. See " Fractional Shares" in Note 5 for further disclosure regarding fractional shares. Â The Reverse Stock Split has been retroactively adjusted throughout these interim financial statements and footnotes for all periods presented, including exercise prices and share data. As a result of the Reverse Stock Split, the Company reclassified approximately $18 thousand between common stock par value and additional paid-in capital. Â Liquidity and Going Concern Â The Company's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company is an early-stage company that is subject to all the risks associated with early-stage and emerging growth companies and has incurred losses since inception. Â On November 22, 2024, the Company entered intoÂ an Underwriting Agreement (the â€œUnderwriting Agreementâ€) with Ladenburg Thalmann & Co. Inc., as representative of the several underwriters, if any, named on Schedule I of the Underwriting Agreement (the â€œUnderwritersâ€), in connection with a firm commitment underwritten public offering (the â€œOfferingâ€) of: (i) 458,691 common units (the â€œCommon Unitsâ€), each Common Unit consisting of one share of Company common stock and one series A warrant to purchase one share of common stock (the â€œSeries A Warrantsâ€); and (ii) 917,596 pre-funded units (the â€œPre-Funded Unitsâ€) and together with the Common Units, the "Units", each Pre-Funded Unit consisting of one pre-funded warrant to purchase one share of common stock (the â€œPre-Funded Warrantâ€) and one Series A Warrant. The purchase price of each Common Unit was $6.540, and the purchase price of each Pre-Funded Unit was $6.539.Â In addition, the Company granted the Underwriters a 45-day option to purchase an additional 206,422 shares of common stock, and/or an additional 206,422 Series A Warrants, solely to cover over-allotments, if any. The Pre-Funded Warrants have an exercise price of $0.001 per share, are immediately exercisable and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full. The Series A Warrants have an exercise price of $6.540 per share, are immediately exercisable and may be exercised at any time until the five-year anniversary of the date of issuance. Both the Pre-Funded Warrants and the Series A Warrants are subject to a beneficial ownership limitation of 4.99%. The Pre-Funded Warrants and Series A Warrants were issued pursuant to a warrant agency agreement between the Company and Equity Stock Transfer, LLC (the â€œWarrant Agency Agreementâ€). The Offering closed on November 25, 2024. On November 22, 2024, the Underwriters partially exercised their over-allotment option with respect to 156,809 shares of common stock and 156,809 Series A Warrants. The aggregate gross proceeds to the Company, including the partial exercise of the over-allotment option, were approximately $10.0 million, before deducting underwriting discounts and other expenses by the Company of $1.5 million, including $0.5 million of non-cash expenses. The net cash proceeds to the Company were approximately $9.0 million. Under the terms of the Underwriting Agreement, the Underwriters received an underwriting discount of 8.0% to the public offering price for the Units. In addition, the Company agreed to reimburse the Underwriters for certain out-of-pocket expenses up to $115,000. The Company also issued to the representative of the Underwriters warrants to purchase up to 91,985 shares of common stock at an exercise price of $10.137 per share (the â€œRepresentativeâ€™s Warrantsâ€). Â For theÂ nine months ended December 31, 2024 and 2023, the Company incurred net losses of $ 8.2 million and $ 10.0 million, respectively, and had net cash flows used in operating activities of $ 5.7 million and $ 4.4Â million, respectively. The Company had no revenues for the three and nine months ended December 31, 2024 and 2023, respectively, and an accumulated deficit of $ 47.2Â million, working capital of $ 9.7 million and cash of $ 11.8 million as of December 31, 2024. The Company does not expect toÂ generateÂ positive cash flows from operating activities in the near future. Â The Company estimates its current cash resourcesÂ are sufficient to fund its operations into but not beyond the first calendar quarter of 2026. The Company recognizes it will need to raise additional capital to continue to execute its business plan, including obtaining regulatory clearance for its products currently under development and commercializing and generating revenues from products under development. There is no assurance that additional financing will be available when needed or that management will be able to obtain financing on terms acceptable to the Company. A failure to raise sufficient capital, generate sufficient product revenues, control expenditures and regulatory matters, among other factors, will adversely impact the Companyâ€™s ability to meet its financial obligations as they become due and payable and to achieve its intended business objectives. If the Company is unable to raise sufficient additional funds, it will have to scale back its operations. Â These factors raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. The accompanying condensed financial statements have been prepared on a going concern basis and do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Â Basis of Presentation Â The accompanying condensed interim financial statements are unaudited. These unaudited condensed interim financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (â€œSECâ€) for interim financial information. Accordingly, they do not include all the information and notes required by generally accepted accounting principles in the United States of America (â€œGAAPâ€) for complete financial statements. The Companyâ€™s fiscal year end is March 31st. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and accompanying notes for the year ended March 31, 2024 as found in the Annual Report in our Form 10-K filed with the SEC on May 31, 2024. In the opinion of management, the unaudited condensed interim financial statements reflect all the adjustments (consisting of normal recurring adjustments) necessary to state fairly the Companyâ€™s financial position, results of operations and cash flows for the quarterly and year-to-date periods, as applicable. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year. The March 31, 2024 audited condensed balance sheet included herein was derived from the audited financial statements, but does not include all disclosures, including notes, required by GAAP for complete financial statements. Â 8 Table of Contents Â Use of Estimates in Financial Statement Presentation Â The preparation of these unaudited condensed interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. The Company's significant estimates and assumptions include work performed but not yet billed by contract manufacturers, engineers and research organizations, warrant liability and the valuation of equity related instruments. Although the Company believes that its estimates and assumptions are reasonable, they are based upon information available at the time the estimates and assumptions were made. Some of these judgments can be subjective and complex, and, consequently, actual results could differ from those estimates. Â Cash and Cash Equivalents Â The Company considers all highly liquid accounts with original maturities of three months or less at the date of acquisition to be cash equivalents.Â Periodically, the Company may carry cash balances at financial institutions in excess of the federally insured limit of $250 thousand. The Company has not experienced losses on these accounts and management believes, based upon the quality of the financial institutions, that the credit risk with regard to these deposits is not significant. Â Offering and Financing Costs Â Offering costs consist of professional costs incurred through the balance sheet date that are direct and incremental related to the Companyâ€™s equity financing activities.Â Specifically, offering costs were incurred during the Companyâ€™s initial public offering ("IPO") and the Offering. The Company includes offering costs in additional paid-in capital, to the extent there is sufficient cash proceeds, upon completion of the sale of equity. Costs associated with salaries and other period costs are expensed as incurred. Â Property and Equipment Â Property and equipment (comprised of computer and IT equipment) are stated at historical cost and depreciated on a straight-line basis over their estimated useful lives, generallyÂ three years. Upon disposition of the assets, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations. Â Convertible Notes Â The Company evaluates embedded redemption, conversion and other features within its debt to determine whether any embedded features should be bifurcated from the host instrument and accounted for as a derivative at fair value, with changes in fair value recorded in the condensed statements of operations. Â The Companyâ€™s debt is carried on the condensed balance sheets on a historical cost basis net of unamortized discounts and premiums because the Company has not elected the fair value option of accounting. Costs associated with acquiring debt, including detachable warrants issued in connection with the financing, are capitalized as a debt discount. The debt discount is presented in the condensed balance sheets as a direct deduction from the carrying amount of the debt liability. The costs are amortized over the estimated contractual life of the related debt instrument using the effective interest method and are included in interest expense in the condensed statements of operations. Â If the Company incurs costs associated with its convertible notes, in advance of the receipt of proceeds, the Company will record a deferred asset. Upon receipt of proceeds the Company will reclassify the deferred asset as a direct deduction from the carrying amount, as described above. Â In addition, since the instruments included a substantive conversion feature as of time of issuance, the issuance of equity securities to settle the outstanding notes with the conversion were accounted for as a contractual conversion with no gain or loss recognized related to the equity securities issued to settle the instrument. Â 9 Table of Contents Â Fair Value of Financial Instruments Â Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs. The Company utilizes a three-level valuation hierarchy for disclosures of fair value measurements, defined as follows: Â Level 1 â€“ inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets Â Level 2 â€“ inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instrument Â Level 3 â€“ inputs to the valuation methodology are unobservable and significant to the fair value and require significant judgment and estimation Â Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. While the Company believes that its valuation methods are appropriate, the Company recognizes that the use of different methodologies or assumptions to determine the fair value could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values are the probability weighting of the different settlement outcomes used. Â The Company did not have any assets or liabilities measured at fair value as of December 31, 2024 and March 31, 2024. In the fourth quarter of the Company's fiscal year ended March 31, 2024 there was a transfer out of Level 3 for the warrant liability, for the settlement and reclassification to equity of the instrument, that occurred in the three months ended March 31, 2024. For additional information, see Note 2 - Warrant Liability and Fair Value of Financial Instruments. Â As of December 31, 2024, the Company determined that the estimated fair value of debt was approximately $ 1.2 million. The fair value of debt was estimated using market rates the Company believes would be available for similar types of financial instruments and represents a Level 2 measurement. Â The carrying value of short-term instruments, including cash, accounts payable and accrued expenses, approximate fair value due to the relatively short period to maturity for these instruments. Â Related Parties Â The Company follows Accounting Standards Codification ("ASC") 850, Related Party Disclosures, for the identification of related parties and disclosure of related party transactions. See further discussion in Note 6 below on this matter. Â Income Taxes Â The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax basis of reported assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company must then assess the likelihood that the resulting deferred tax assets will be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. As of December 31, 2024 and March 31, 2024 the Company determined a full valuation allowance was required to offset its deferred tax assets as a result of recurring operating losses. Â The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740-10 which prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken, or expected to be taken, on its tax return. The Company evaluates and records any uncertain tax positions based on the amount that management deems is more likely than not to be sustained upon examination and ultimate settlement with the tax authorities in the tax jurisdictions in which it operates. As of December 31, 2024 and March 31, 2024 the Company had no uncertain tax positions. Â The Company doesÂ notÂ expect to pay any significant federal, state, or foreign income taxes inÂ our fiscal year 2025 (ending March 31, 2025) as a result of the losses recorded during theÂ nine months ended December 31, 2024Â and the additional losses expected for the remainder ofÂ our fiscal year 2025Â and cumulative net operating loss carryforwards. Accounting standards require the consideration of a valuation allowance for deferred tax assets if it is â€œmore likely thanÂ notâ€Â that some component or all of the benefits of deferred tax assets will not be realized. Â 10 Table of Contents Â The Company recordedÂ noÂ income tax provision for theÂ three and nine months ended December 31, 2024 and 2023, respectively. The effective tax rate for theÂ three and nine months ended December 31, 2024 and 2023Â is zero.Â The Company estimates its annual effective tax rate at the end of each quarterly period. Jurisdictions with a projected loss for the year whereÂ noÂ tax benefit can be recognized due to the valuation allowance could result in a higher or lower effective tax rate during a particular quarter depending on the mix and timing of actual earnings versus annual projections. Â Stock-based Compensation Â Employee and non-employee share-based compensation is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period. For awards with a performance condition, compensation expense is recognized over the requisite service period if it is probable that the performance condition will be satisfied. For awards to non-employees, the Company recognizes compensation expense in the same manner as if the Company had paid cash for the goods or services. The Company estimates the fair value of options and equity classified warrants granted using an options pricing model. Expense is recognized within general and administrative and research and development expenses and forfeitures are recognized as they are incurred. Â Warrants Â The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrantâ€™s specific terms and applicable authoritative guidance in FASB ASC 480, Distinguishing Liabilities from Equity (â€œASC 480â€) and ASC 815, Derivatives and Hedging (â€œASC 815â€). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Companyâ€™s own ordinary shares and whether the warrant holders could potentially require â€œnet cash settlementâ€ in a circumstance outside of the Companyâ€™s control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding. Â For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on theÂ statements of operations. The fair value of the warrants is estimated using a Black-Scholes pricing model or a Monte Carlo simulation. Â Loss Per Common Share Â Basic loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period, which includes shares issuable for little to no consideration upon the exercise of certain equity-classified warrants. Diluted loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive. Generally, the Companyâ€™s outstanding warrants are non-participating securities as they are not entitled to non-forfeitable rights to dividends or dividend equivalents during the vesting term and have no obligation to fund losses. Â However, generally the Company's warrants are participating securities as the holders receive a right to dividends, but they areÂ notÂ obligated to fund losses. In periods of loss, sinceÂ noÂ income is allocated to these securities, the Company's use of the "treasury stock method" derives the same result. The dilutive effect of convertible securities is calculated using the â€œif-converted method.â€ Under the if-converted method, securities are assumed to be converted at the beginning of the period, and the resulting common shares are included in the denominator of the diluted calculation for the entire period being presented. Â For the nine months ended December 31, 2024 and 2023, dilutive securities that were not included in the calculations of the loss per common share because they would be anti-dilutive included the following: Â Â Â December 31, Â Â Â Â Â Â 2023Â Â Â 2024 Â Â (as revised) Â Â Â Â Â Â Â Â Â Â Equity based warrants to purchase common shares Â Â 87,531Â Â Â 3,304Â Convertible Notes - common shares (1) Â Â 33,250Â Â Â 50,000Â Convertible Notes - equity-based warrants to purchase common shares Â Â 25,003Â Â Â 25,003Â Termination agreement - equity-based warrants to purchase common shares (2) Â Â -Â Â Â 80,000Â Stock options granted under Company's incentive plan Â Â 235,983Â Â Â 85,180Â Series A Warrants Â Â 1,533,096Â Â Â -Â Representative Warrants Â Â 91,985Â Â Â -Â Â Â Â Â Â Â Â Â Â Â Total potentially dilutive securities Â Â 2,006,848Â Â Â 243,487Â Â Â Â Â Â Â Â Â Â (1) Shares for the convertible note proceeds received Â Â Â Â Â Â Â Â (2) Shares are based on an estimated initial offering price of $100.00 Â Â Â Â Â Â Â Â Â 11 Table of Contents Â Research and Development Costs Â Research and development costs are expensed as incurred. Â Advertising Â It is our policy to expense advertising costs as incurred. AdvertisingÂ expenses are included within general and administrative expenses within the statement of operations. For the three and nine months ended December 31, 2024, the Company recorded $0.0 and less than $0.1Â million, respectively, of advertising expenses. For the three and nine months ended December 31, 2023, the Company recorded $1.3 million and $1.4 million, respectively, of advertising expenses related to the Company's January 2024 IPO. Â Fair Value of Common Stock Â Prior to establishing a public market for the Companyâ€™s common stock, the estimated fair value of the Companyâ€™s common stock was determined by the Companyâ€™s board of directors as of the date of each option grant, with input from management, considering the Companyâ€™s most recently available third-party valuations of common stock, recent sales of common stock to third parties, and the Companyâ€™s board of directorsâ€™ assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. Â JOBS Act Accounting Election Â The Company qualifies as an emerging growth company (â€œEGCâ€), as defined in the Jumpstart Our Business Startups Act of 2012 (the â€œJOBS Actâ€). The JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Companyâ€™s financial statements with another public company which is neither an early-stage company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. Â Segments Â The Company currently operates in one reportable segment based on managementâ€™s view of its business for purposes of evaluating performance and making operating decisions. Based upon this business model, the Companyâ€™s Chief Executive Officer, whom the Company has determined to be its chief operating decision-maker, reviews financial information as one operating segment. Â Recent Accounting Pronouncements Â InÂ November 2024,Â Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU")Â 2024-03,Â Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (SubtopicÂ 220-40): Disaggregation of Income Statement Expenses, which requires disclosure in the notes to the financial statements of specified information about certain costs and expenses. The amendments are effective for fiscal years beginning afterÂ December 15, 2026Â and for interim periods within fiscal years beginning afterÂ December 15, 2027.Â Early adoption is permitted. The amendments should be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the new guidance to determine the impact itÂ mayÂ have on its consolidated financial statements and related disclosures but expects additional disclosures upon adoption. Â In December 2023, the FASB issued ASU 2023-09, â€œIncome Taxes (Topic 740): Improvements to Income Tax Disclosures,â€ which requires disaggregated information about a reporting entityâ€™s effective tax rate reconciliation as well as information on income taxes paid. The guidance is effective for the Companyâ€™s fiscal years beginning after December 15, 2024, with early adoption permitted. The CompanyÂ does not expect the adoption of this standard to have any material impact onÂ its financial statements. Â In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance and allocate resources. The guidance is effective for fiscal years beginning after December 15, 2023 and interim periods for fiscal years beginning after December 15, 2024, on a retrospective basis. Early adoption is permitted. We are currently evaluating the impact of adopting this ASU on our disclosures. Â 12 Table of Contents Â Correction of an Immaterial Errors in the Prior Period Financial Statements Â During the fourth quarter of fiscal 2024 (March 31, 2024), the Company determined that the prior year financial statements had an errorÂ caused by an immaterial classification error of certain research and development expense in accordance with ASC 730 Research and Development Costs. As aÂ result, certain prior year amounts have been revised for consistency with the current year presentation. The Company assessed the materiality of this change in presentation on prior period financial statements in accordance withÂ SEC Staff Accounting Bulletin No. 99, â€œMateriality,â€ (ASC Topic 250, Accounting Changes and Error Corrections). Based on this assessment, the Company concluded that these classification error corrections in itsÂ Statements of OperationsÂ are not material to any previously presented financial statements based upon overall considerations of both quantitative and qualitative factors. The corrections had no impact on theÂ fiscal year 2023 Balance Sheet,Â Statements of Cash Flows, or Statement of Changes in Stockholdersâ€™Â Equity. Further, the immaterial corrections did not result in a change in operating losses, net loss, or basic or diluted earnings per share in the Income Statement. Â A summary of immaterial corrections reflecting the prior period impact to the Companyâ€™s Statement of Operations, for the three and nine months ended December 31, 2023 is shown below (in thousands): Â Â Â For the Three Months Ended December 31, 2023 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Originally Filed Â Â Correction Â Â As Revised Â General and administrative expense Â Â 2,323Â Â Â (86)Â Â 2,237Â Research and development expense Â Â 601Â Â Â 86Â Â Â 687Â Â Â Â 2,924Â Â Â -Â Â Â 2,924Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â For the Nine Months Ended December 31, 2023 Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Originally Filed Â Â Correction Â Â As Revised Â General and administrative expense Â Â 3,674Â Â Â (143)Â Â 3,531Â Research and development expense Â Â 1,384Â Â Â 143Â Â Â 1,527Â Â Â Â 5,058Â Â Â -Â Â Â 5,058Â Â Dï»¿uring the three and nine months ended December 31, 2024, the Company determined that previously filed quarterly and annual financial statements had an immaterial earnings per share error resulting from the exclusion of certain unexercised equity based warrants to purchase common shares that had an exercise price of approximately $0.01 or less from the basic earnings per share calculations in accordance with ASC 260-10-45-13. As aÂ result, the prior year earnings per share calculations have been revised for consistency with the current year presentation. The Company assessed the materiality of this change in presentation on prior period financial statements in accordance with SEC Staff Accounting Bulletin No. 99, â€œ Materiality,â€ (ASC Topic 250, Accounting Changes and Error Corrections). Based on this assessment, the Company concluded that this error correction in itsÂ Statements of OperationsÂ and Note 1 â€“ Description of the Business, Basis of Presentation and Summary of Significant Accounting Policies (Loss Per Common Share) is not material to any previously presented financial statements based upon overall considerations of both quantitative and qualitative factors. The corrections had no impact in the comparative period Balance Sheet,Â Statements of Cash Flows, or Statement of Changes in Stockholdersâ€™Â Equity. Further, the immaterial correction did not result in a change in operating losses or net loss in the Statement of Operations and the effects of including unexercised warrants in the earnings per share calculation have an antidilutive effect reducing the net loss per share amount. Accordingly, the Company corrected the previously reported earnings per share calculation for the three and nine months ended December 31, 2023 in this Quarterly Report on Form 10-Q. Â A summary of the impact of the Companyâ€™s Reverse Stock Split and immaterial corrections reflecting the prior period impact to the Companyâ€™s Statement of Operations and earnings per share are shown below: Â Â Â Three Months Ended December 31, 2023 Â Â Â Originally Filed Â Â Adjusted for 1-for-20 Reverse Stock Split Â Â Correction Â Â As Revised Â Net Loss (in thousands) Â Â (3,113)Â Â -Â Â Â -Â Â Â (3,113) Loss per share - basic and diluted Â Â (0.23)Â Â (4.51)Â Â 1.44Â Â Â (3.07) Weighted average shares outstanding - basic and diluted Â Â 13,799,170Â Â Â 689,970Â Â Â 324,066Â Â Â 1,014,036Â Nine Months Ended December 31, 2023 Â Â Â Originally Filed Â Â Adjusted for 1-for-20 Reverse Stock Split Â Â Correction Â Â As Revised Â Net Loss (in thousands) Â Â (10,018)Â Â -Â Â Â -Â Â Â (10,018) Loss per share - basic and diluted Â Â (0.74)Â Â (14.86)Â Â 4.84Â Â Â (10.02) Weighted average shares outstanding - basic and diluted Â Â 13,487,444Â Â Â 674,383Â Â Â 325,483Â Â Â 999,866Â Â A summary of the impact of the Companyâ€™s Reverse Stock Split and immaterial corrections reflecting the prior period impact are shown below: Â Â Â Nine Months Ended December 31, 2023 Â Â Â Originally Filed Â Â Adjusted for 1-for-20 Reverse Stock Split Â Â Correction Â Â As Revised Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Equity based warrants to purchase common shares Â Â 5,914,929Â Â Â 295,751Â Â Â (292,447)Â Â 3,304Â Convertible Notes - common shares Â Â 1,000,000Â Â Â 50,000Â Â Â -Â Â Â 50,000Â Convertible Notes - equity-based warrants to purchase common shares Â Â 500,000Â Â Â 25,003Â Â Â -Â Â Â 25,003Â Termination agreement - equity-based warrants to purchase common shares Â Â 1,600,000Â Â Â 80,000Â Â Â -Â Â Â 80,000Â Stock options granted under Company's incentive plan Â Â 1,703,600Â Â Â 85,180Â Â Â -Â Â Â 85,180Â Total potentially dilutive securities Â Â 10,718,529Â Â Â 535,934Â Â Â (292,447)Â Â 243,487Â Â Â Note 2 â€“ Warrant Liability and Fair Value of Financial Instruments Â Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. While the Company believes that its valuation methods are appropriate, the Company recognizes that the use of different methodologies or assumptions to determine the fair value could result in a different estimate of fair value at the reporting date. The primary assumptions that would significantly affect the fair values are the probability weighting of the different settlement outcomes used. Â There were no outstanding instruments classified as Level 3 measurements as of December 31, 2024 or March 31, 2024. Â The following table summarizes the activity of the Level 3 fair value measurements during the three and nine months, respectively, ended December 31, 2023 (in thousands): Â Schedule of Fair Value Activity Â Warrant Liabilities Â Â Â Â Â Â Balance as of September 30, 2023 Â $4,795Â Additions Â Â -Â Change in fair value measurements - warrants mark-to-market Â Â 179Â Â Â Â Â Â Balance as of December 31, 2023 Â $4,974Â Â Â Â Â Â Â Â Â Â Schedule of Fair Value Activity Â Warrant LiabilitiesÂ Â Â Â Â Â Balance as of March 31, 2023 Â $-Â Additions Â Â 4,556Â Change in fair value measurements - warrants mark-to-market Â Â 418Â Â Â Â Â Â Balance as of December 31, 2023 Â $4,974Â Â Â Â Â Â Â During the three months ended December 31, 2023, the Company recognized the changes in the fair value under warrant liability â€“ mark-to-market for $0.2 million. There were no changes to the valuation approaches or techniques used for Level 3 measurements. Â During the nine months ended December 31, 2023, the Company recognized the initial warrant expense as a component of operating expenses on the condensed statement of operations under warrant expense â€“ termination agreement for $4.6 million and the changes in the fair value under warrant liability â€“ mark-to-market for $0.4 million. There were no changes to the valuation approaches or techniques used for Level 3 measurements. Â Warrant Liabilities Â As more fully detailed in Note 6 â€“ Related Party Transactions, on July 7, 2023, the Company entered into an Exclusive License Termination Agreement (the â€œTermination Agreementâ€) with a licensee in exchange for the issuance, upon the closing of the Companyâ€™s IPO within one year of the agreementâ€™s execution, of a warrant to purchase shares of the Company for a variable number of shares. Â The fair value of the warrant liability has been estimated using a discounted cash flow model under various scenarios and used the probability-weighted expected return method (â€œPWERMâ€) comparing the probabilities of different outcomes. The outcomes considered included (i) the closing of a qualified financing as part of the Companyâ€™s IPO at various points in time and (ii) the possibility of default whereby the licensee receives nothing. Key assumptions for the model were as follows for the initial measurement: Â Discount rate at issuance (1) Â 20% Probability (2) Â 70% - 10% - 20%Â Payment (3) Â 00 -8,000,000000 Â Expected term (in years) (4) Â 0.48 - 0.98Â Â Â (1) The initial discount rate was chosen based on private equity rates of return as described in the AICPA Practice Aid on Valuation of Privately-Held-Company Equity securities issued as compensation. For the recurring fair value measurement, the Company updated the discount rate based upon yield curves estimated to be similar in credit quality to the Company. The updated discount rate as of December 31, 2023 was 19.93%; Â (2) Scenario probability as of issuance and December 31, 2023 was based on timing expectations of management that a qualified offering occurring as of December 31, 2023 and January 25, 2024 was estimated at 70% and 0%; respectively; a qualified offering occurring as of June 30, 2024 was estimated at 10%; for both periods; and no qualified offering occurring was estimated at 20% for both periods; Â (3) The warrant has a $0.02 strike price, however, the strike price is low relative to the stock price, making the warrant value close to the value of a stock unit. The agreement has a fixed payment value of $8.0 million, see Note 6 â€“Â Related Party Transactions; Â (4) For the subsequent recurring fair value measurements as of December 31, 2023, the Company updated the expected term to a range between 0.07 - 0.50 years. Â 13 Table of Contents Â Â Note 3 â€“ Convertible Notes Payable Â On September 9, 2023, the Company's Board of Directors (the â€œBoardâ€) authorized an offering of up to $2.0 million in unsecured, non-interest bearing convertible promissory notes (the â€œNotesâ€) and accompanying warrants (the â€œBridge Financing Warrantsâ€) (collectively, the â€œBridge Offeringâ€) that will mature on December 31, 2025. The Notes provided that, on the closing date of the IPO, the outstanding principal would be automatically converted into common stock at the conversion price of $40.00. Each dollar in principal amount of Notes purchased were accompanied by a five-year Bridge Financing Warrant to purchase approximately 0.0125 shares of Common stock with an exercise price of $20.00 per share. The Company records the Bridge Financing Warrants as a discount to the Notes. Â The Bridge Financing Warrants can be exercised from the date of Notes issuance through the five-year anniversary of the issuance of the Notes. The shares issuable pursuant to the Notes and Bridge Financing Warrants have a 180-day lock-up after the Companyâ€™s IPO. Thereafter, the foregoing lock-up agreement will cease to apply to 25% of the purchased shares each month for a period of four months. The Note holders are not permitted to convert their Notes when the holders or any of their affiliates would beneficially own in excess of 4.99% of the Companyâ€™s common stock after such conversion. Â As of December 31, 2024, the Company received proceeds of $2.0 million of Notes executed from the Bridge Offering, which would convert into 50,000 shares of common stock. The Companyâ€™s effective interest rate for the Notes is 15.3% due to the amortization of the discount stemming from the issuance of the Bridge Financing Warrants. On January 26, 2024, we consummated our initial public offering (â€œIPOâ€). In connection with the closing of the IPO, a portion of our convertible notes were converted into 16,750 shares of our common stock. Upon the closing of the IPO, certain notes were to be automatically converted according to their terms into our common stock to the extent and provided that certain holders of these notes are not permitted to convert such notes to the extent that the holders or any of its affiliates would beneficially own in excess of 4.99% of our common stock after such conversion. Due to this 4.99% limitation, principal representing $1.3 million, or 33,250 shares, of these notes remains outstanding. Â 14 Table of Contents Â The table below summarizes the Companyâ€™s outstanding convertible notes payable as of December 31, 2024 (in thousands). Â Â Â Principal Amount Â Â Unamortized Debt Discount Â Â Net Carrying Amount Â Â Â Â Â Â Â Â Â Â Â Â Zero-coupon convertible notes payable due on December 31, 2025 Â $1,330Â Â $198Â Â $1,132Â Â Warrants - Convertible Promissory Notes Â During September to December 2023, the Company previously issued the Notes (See Note 3 - Convertible Notes Payable) with detachable warrants for the purchase of shares of the Companyâ€™s common stock. The Company utilized a Monte Carlo simulation model to determine the fair value of each Bridge Offering Warrant. The key inputs to the Monte Carlo simulation used to determine the fair value of each warrant include, the Companyâ€™s stock price fair value which was determined through a back solve calculation such that the stock price results in the average total value of the Notes and the Bridge Offering Warrants being equal to the cash proceeds received, volatility based on a selection of publicly held peer companies of 101.88%, expected term of 5 years, risk free rate of 4.40%, discount rate of 20.00% and a discount for lack of marketability of 15.77%. Â During the three and nine months ended December 31, 2024, the Company recorded less than $0.1 million and $0.1 million, respectively, in interest expense related to the amortization of the debt discount. Â During the three and nine months ended December 31, 2023, the Company recorded less than $0.1 million, respectively, in interest expense related to the amortization of the debt discount. Â The following table presents a summary of activity for the warrants issued in connection with the Companyâ€™s Notes: Â Â Â Â Â Weighted-Average Â Â Â Â Exercise Price Â Warrants Â Â Per Share Â Â Â Â Â Â Outstanding and exercisable, March 31, 2024 Â 25,003 Â Â $ 20.00 Granted Â - Â Â Â - Exercised Â - Â Â Â - Forfeited/Cancelled Â - Â Â Â - Expired Â - Â Â Â - Outstanding, December 31, 2024 Â 25,003 Â Â $ 20.00 Â Â Â Â Â Â Exercisable, December 31, 2024 Â 25,003 Â Â $ 20.00 Â 15 Table of Contents Â Â Note 4 â€“ Equity Â On January 26, 2024, we consummated our IPO. In the IPO, we sold a total of 111,962 shares of common stock at a purchase price of $100.00 per share for gross proceeds of $11.2 million and net proceeds of $9.8 million. In connection with the closing of the IPO, a portion of our convertible notes were converted into 16,750 shares of our common stock. Â On November 29, 2023, the Companyâ€™s Board of Directors and applicable shareholders approved to amend and restate the Companyâ€™s certificate of incorporation and increased the authorized shares to 500,000,000 shares of common stock, with a par value of $0.001 per share, and 10,000,000 shares of preferred stock, with a par value of $0.001 per share. The specific rights of the preferred stock shall be determined by the Board of Directors. Â Restricted Stock Â On February 15, 2024, the Company issuedÂ 1,750 restricted shares of common stock to the Company's marketing consultant at the closing price of $76.00 of the Company's common stock. The total value of these shares is $133,000. These shares vest monthly over a 12-month period beginning on the issueÂ date. Â Â Â Three Months Ended December 31, Â Â Â 2024 Â Â 2023 Â Recognized in general and administrative expense Â $33,250Â Â $â€”Â Â Â Â Â Â Â Â Â Â Total Â $33,250Â Â $â€”Â Nine Months Ended December 31, Â Â Â 2024 Â Â 2023 Â Recognized in general and administrative expense Â $99,750Â Â $â€”Â Â Â Â Â Â Â Â Â Â Total Â $99,750Â Â $â€”Â Â As of December 31, 2024, there was $16,625 of unrecognized stock-based compensation expense related to unvested Restricted Stock, which is expected to be recognized over the period through February 2025. Â A summary of activity regarding Restricted Stock issued is as follows: Â Â Â Â Â Â Grant Date Â Â Â Number of Shares Â Â Fair Value Per Share Â Unvested, March 31, 2024 Â Â 1,604Â Â $76.00Â Â Â Â Â Â Â Â Â Â Granted Â Â â€”Â Â $â€”Â Vested Â Â (1,312)Â $76.00Â Unvested, December 31, 2024 Â Â 292Â Â $76.00Â Â 16 Table of Contents Â Common Stock Â On April 6, 2023, the Board of Directors approved a private placement offering of up to 100,000 common shares at a price of $40.00 per share. The Company sold 71,001 shares for cash proceeds of $2,840,000. The Company did not incur any costs that were direct and incremental to the private placement. Â On September 9, 2023, the Board approved a Bridge Offering. See Note 3 Convertible Notes Payable for additional detail as these notes are convertible into common stock. Â Stock Plan and Stock Options Â In June 2023, the Company adopted, and the Companyâ€™s shareholders approved, the Autonomix Medical, Inc. 2023 Stock Plan (the â€œPlanâ€). The Plan is a stock-based compensation plan that provides for discretionary grants of stock options, stock awards and stock unit awards to key employees, non-employee directors, and consultants, subject to certain individual threshold limitations. The Plan provides for up to 200,000 shares to be issued. Shares that are surrendered because of forfeiture, expiration, termination, or cancellation are available for re-issuance. Â In August 2023, the Plan was amended to allow for an automatic increase of the available shares for issuance, whereby on the 1st of each fiscal year, beginning on April 1, 2024 and ending on (and including) April 1, 2033 in an amount equal to five percent (5%) of the total number of shares of Common Stock outstanding on the March 31st immediately preceding the applicable date. However, the Board may act prior to the automatic increase of a given year to provide that there will be no increase for such year, or that the increase for such year will be a lesser number of shares of Common Stock. On April 1, 2024, the Plan was increased by 47,116 shares. Â The following table summarizes the stock option activity for the nine months ended December 31, 2024: Â Â Â Â Â Â Â Weighted-Average Â Â Â Â Â Â Exercise Price Â Â Â Options Â Â Per Share Â Â Â Â Â Â Â Â Â Â Â Outstanding, March 31, 2024 Â Â 100,180Â Â $46.59Â Granted Â Â 135,803Â Â Â 24.19Â Exercised Â Â -Â Â Â -Â Forfeited/Cancelled Â Â -Â Â Â -Â Expired Â Â -Â Â Â -Â Outstanding, December 31, 2024 Â Â 235,983Â Â $33.70Â Â Â Â Â Â Â Â Â Â Exercisable, December 31, 2024 Â Â 31,255Â Â $43.60Â Â The Companyâ€™s stock option awards did not automatically adjust for the Reverse Stock Split.Â However, the Company chose to exercise its rights under the agreements to adjust the exercise price and number of shares exercisable or issuable upon vesting proportionately for the Reverse Stock Split.Â Based on the analysis performed, the Company does not need to recognize any additional compensation expense as a result of the modification. Â During the nine months ended December 31, 2024, the Company granted certain individuals options to purchase shares of common stock with a contractual term that vestsï»¿ annually over four years on the anniversary date. The options had an aggregate grant date fair value of $2.6 million that was calculated using the Black-Scholes option pricing model. Variables used in the Black-Scholes option pricing model included the following: (1) fair value of common stock on the measurement date; (2) discount rate ranging from 4.25% to 4.39% based on the daily yield curve rates for U.S. Treasury obligations, (3) expected life of 6.25 years based on the simplified method (vesting plus contractual term divided by two) and (4) expected volatility ranging from 110% to 136% based on the historical volatility of comparable companies' stock. Â 17 Table of Contents Â All options issued and outstanding are being amortized over their respective vesting periods. The unrecognized compensation expense at December 31, 2024 was $4.6 million. During the three and nine months ended December 31, 2024, the Company recorded stock-based compensation - option expense of $0.3 million in general and administrative expense and less than $0.1 million in research and development expense, respectively and $1.0 million in general and administrative expense and less than $0.2 million in research and development expense, respectively. During the three and nine months ended December 31, 2023, the Company recorded stock-based compensation - option expense of $0.2 million and $0.3 million, respectively in general and administrative expense and less than $0.1 million, respectively, in research and development expense . Â License Agreement Â On July 10, 2024, we entered into a license agreement (the â€œAgreementâ€) with RF Innovations, Inc. (â€œRFIâ€), a privately held medical technology company, to license products utilizing RFIâ€™s intellectual property related to its Apex 6 Radiofrequency Generator (the â€œLicensed Productsâ€). The Apex 6 Generator is a United States Food and Drug Administration (â€œFDAâ€) cleared ablation technology designed to lesion neural tissue for pain management in the peripheral nervous system. Pursuant to the Agreement, RFI granted us a perpetual non-exclusive worldwide royalty free fully paid license related to the Licensed Products, provided that the license did not include the right to sell certain products to customers for the treatment of spine pain. In connection with the Agreement, we issued RFI 12,500 unregistered shares of our common stock as consideration for the license. The Company determined that the fair value of the shares granted was $0.1 million, which represented its stock price on the date of the Agreement less a 25.6% discount for lack of marketability (â€œDLOMâ€).Â The Company concluded a discount for lack of marketability was appropriate as the shares are subject to an initial lock-up period of six-months until they are eligible for registration pursuant to SEC Rule 144 followed by restrictions that allow for a maximum of 10% of total shares to be sold within a 30-day period.Â The DLOM effectively reflects the value of an average strike put option relative to our stock price and was calculated based on the Finnerty average put model.Â The Company concluded that the licensed technology qualified as a research and development expense pursuant to ASC Topic 730, Research and Development, as the Company does not have an alternative future use for the technology and the Company does not have a plan to otherwise monetize the Licensed Products.Â The Company recognized $0.1 million in Research and Development expense in its condensed consolidated statement of income for the three and nine-months ended December 31, 2024.Â The Agreement provides RFI the right to terminate the license if we breach any representation, warranty or covenant contained in the Agreement, subject to any relevant cure periods, or if we are subject to a bankruptcy or insolvency event. Â Offering Agreement Â On November 22, 2024, the Company entered into the Offering, which consisted of: (i) 458,691 Common Units, each Common Unit consisting of one share of common stock, par value $0.001 per share, and one Series A Warrant to purchase one share of common stock; and (ii) 917,596 Pre-Funded Units, each Pre-Funded Unit consisting of one Pre-Funded Warrant to purchase one share of common stock and one Series A Warrant. The purchase price of each Common Unit was $6.540, and the purchase price of each Pre-Funded Unit was $6.539.Â In addition, the Company granted the Underwriters a 45-day option to purchase additional 206,422 shares of common stock, and/or additional 206,422 Series A Warrants, solely to cover over-allotments, if any. The Offering closed on November 25, 2024. On November 22, 2024, the Underwriters partially exercised their over-allotment option with respect to 156,809 shares of Common Stock and 156,809 Series A Warrants. The Company received gross proceeds of $10.0Â million, before deducting the placement agent's fees and other offering expenses payable by the Company.Â Under the terms of the Underwriting Agreement, the Underwriters received an underwriting discount of 8.0% to the public offering price for the Units.Â The Company also issued to the Representativeâ€™s Warrants to purchase up to 91,985 shares of Common Stock. Â The Pre-Funded Warrants have an exercise price of $0.001 per share, are immediately exercisable and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full, subject to a beneficial ownership limitation of 4.99%. The Series A Warrants have an exercise price of $6.540 per share and may be exercised at any time until the five-year anniversary of the date of issuance, subject to a beneficial ownership limitation of 4.99%. The Pre-Funded Warrants and Series A Warrants were issued pursuant a Warrant Agency Agreement between the Company and Equity Stock Transfer, LLC.Â The Series A Warrants and the Representativeâ€™s Warrants, largely have the same terms and conditions, except the Representativeâ€™s Warrants are not exercisable until May 21, 2025 and they are subject to a 180-day lock-up prior to being transferable.Â The Series A Warrants and Representativeâ€™s Warrants may, at the option of the holder be settled upon a change of control at the Black-Scholes value, as defined in the agreement.Â Upon a change of control the holder may receive cash, other assets or shares of the successor entity, depending on the specific nature of the change of control transaction and the settlement options afforded to the holders of Common Stock.Â The Company analyzed the Pre-Funded Warrants, the Series A Warrants, and the Representativeâ€™s Warrants (collectively the â€œOffering Warrantsâ€) in accordance with ASC Topic 480, Distinguishing Liabilities from Equity and ASC Topic 815, Derivatives and Hedging.Â Management concluded that the Offering Warrants meet all the requirements for equity classification.Â Since the Offering Warrants meet the requirements for equity classification and the Offering represents an arms-length cash transaction, the Common Units and Pre-Funded Units will be recorded in equity based on the proceeds received, net of issuance costs. Â Â Â At issuance the Pre-Funded Warrants had a fair value of $6.3290 per share, which represented the common stock issuance price less the $0.001exercise price.Â At issuance, the Series A Warrants and the Representativeâ€™s Warrants hadÂ a fair value of $5.3597 and $5.2125Â per share, respectively, which was determined using a Black-Scholes option pricing model.Â Variables used in the Black-Scholes option pricing model included the following: (1) fair value of common stock on the measurement date; (2) discount rate of 4.17% based on the daily yield curve rates for U.S. Treasury obligations, (3) the contractual term of the warrants and (4) expected volatility of 144.15% based on the historical volatility of comparable companies' stock. Due to the relative volume of Series A Warrants and Representativeâ€™s Warrants issued compared with the Companyâ€™s outstanding shares, the Company's stock price was adjusted for the effects of dilution. Â In connection with the Offering, the Company incurred total offering costs of $1.5 million.Â This was comprised of $1.0 million in cash offering costs and $0.5 millionÂ for the fair value of the Representativeâ€™s Warrant issued. Â Â Equity-Based Stock Warrants Â The Company will periodically grant warrants to investors in connection with equity financing or to third-party service providers in exchange for services rendered. The following table summarizes the stock warrant activity for theÂ nine months ended December 31, 2024: Â Â Â Â Â Â Â Weighted-Average Â Â Â Â Â Â Exercise Price Â Â Â Warrants Â Â Per Share Â Â Â Â Â Â Â Â Â Â Â Outstanding, March 31, 2024 Â Â 287,231Â Â $1.64Â Granted Â Â 2,542,677Â Â Â 4.31Â Exercised Â Â (892,432)Â Â 0.04Â Forfeited/Cancelled Â Â (2,602)Â Â 0.20Â Expired Â Â -Â Â Â -Â Outstanding, December 31, 2024* Â Â 1,934,874Â Â $5.89Â Â Â Â Â Â Â Â Â Â Exercisable, December 31, 2024 Â Â 1,842,889Â Â $5.67Â Â * Amount includes 87,531 common warrants; 91,985 representative warrants; 222,262 pre-funded warrants; and 1,533,096 Series A Warrants. Â The unrecognized compensation expense at December 31, 2024 for warrants issued to third-party service providers was $0. During the three and nine months ended December 31, 2024 and 2023, the Company recorded stock-based compensation - warrant expense of less than $0.1 million. Â Note 5 â€“ Commitments and Contingencies Â Legal Proceedings Â From time to time, we may be involved in claims that arise during the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we do not currently have any pending litigation to which we are a party or to which our property is subject that we believe to be material. Regardless of the outcome, litigation can be costly and time consuming, and it can divert managementâ€™s attention from important business matters and initiatives, negatively impacting our overall operations. Â Employment Agreements Â We have agreements with key employees to provide certain benefits, including salary and other wage-related benefits, in the event of termination. In addition, the Company has adopted a severance policy for certain key members of executive management to provide certain benefits, including salary and other wage-related benefits, in the event of termination. In total, these benefits would amount to a range of $1.1Â million to $1.6 million using the rate of compensation in effect at December 31, 2024. Â 18 Table of Contents Â Brad Hauser - Chief Executive Officer Â On June 17, 2024, we entered into an employment agreement with Brad Hauser pursuant to which Mr. Hauser agreed to serve as our chief executive officer and president for an initial three-year period, which may be extended on a year-to-year basis. Mr. Hauserâ€™s agreement provides for an initial annual base salary of $450,000 (subject to an annual review and increase at the discretion of our Compensation Committee) and a target annual bonus of 60% of his base salary. Pursuant to the agreement, Mr. Hauser was granted a ten-year option (the â€œInducement Optionsâ€) to purchase 45,000 shares of common stock at an exercise price equal to the closing price of our common stock on the date of the employment agreement. The option vests in four equal annual installments (or 11,250 shares each installment) on each of the succeeding four anniversary dates of the execution of the employment agreement, provided Mr. Hauser is employed by us on each vesting date. In the event of a â€œchange of controlâ€ or the termination of the agreement by us without â€œcauseâ€ or by Mr. Hauser for â€œgood reason,â€ all of the unvested options shall immediately vest. The Inducement Options were granted outside of our 2023 Stock Plan as an inducement material to Mr. Hauserâ€™s entering into employment with us in accordance with Nasdaq Stock Market Listing Rule 5635(c)(4). Commencing with the year ending March 31, 2025, Mr. Hauser will be eligible to receive annual option grants as determined by the Compensation Committee of the Board of Directors, based on criteria established by the Compensation Committee. The number of shares underlying the target annual option grant will be equal to $1,000,000 divided by the Black-Scholes value per share of our common stock on the date of grant. Â If Mr. Hauserâ€™s employment is terminated at our election without â€œcause,â€ or by Mr. Hauser for â€œgood reason,â€ Mr. Hauser shall be entitled to receive severance payments equal to twelve months of Mr. Hauserâ€™s base salary and 100% of the target bonus for the year in which such termination occurs; provided that such amounts shall be increased by 50% if Mr. Hauserâ€™s agreement is terminated without â€œcauseâ€ or by Mr. Hauser for â€œgood reasonâ€ within three months prior to or twelve months after a â€œchange of control.â€ In the event that any payments or benefits provided to Mr. Hauser would trigger the excise tax under Section 4999 of the Internal Revenue Code or any similar provision, the Company agreed to provide Mr. Hauser with a gross-up payment to ensure that, after payment of all taxes (including the excise tax, federal, state, and local income taxes, and employment taxes) imposed on the gross-up payment, Mr. Hauser receives a net amount equal to the payments or benefits Mr. Hauser would have received if the excise tax didn't apply Â Lori BissonÂ -Â Vice Chair (former Chief Executive Officer) Â On June 17, 2024, we entered into an employment agreement with Lori Bisson pursuant to which Ms. Bisson agreed to serve as our Executive Vice Chair and Strategic Adviser to the Chief Executive Officer (â€œVice Chairâ€) for a two-year period. Ms. Bissonâ€™s agreement provides for an initial annual base salary of $150,000 (subject to an annual review and increase at the discretion of our Compensation Committee) and a target annual bonus of 50% of her base salary. Pursuant to the agreement, Ms. Bisson continued to vest in the option grants issued to Ms. Bisson in her role as chief executive officer and president in accordance with the vesting schedule set out in her initial employment agreement. In the event of a â€œchange of controlâ€ or the termination of the agreement by us without â€œcauseâ€ or by Ms. Bisson for â€œgood reason,â€ all of the unvested options shall immediately vest. Ms. Bisson is entitled to receive any compensation, including incentive compensation, for the fiscal year ended March 31, 2024 that has not been paid as of the date of the agreement. Commencing with the year ending March 31, 2025, Ms. Bisson will be eligible to receive annual option grants as determined by the Compensation Committee of the Board of Directors, based on criteria established by the Compensation Committee. Ms. Bisson agreed to waive any severance payments due to her in connection with the termination of the prior employment agreement that we entered into with her on June 30, 2023. Â Fractional Shares Â See Note 1 - Description of the Business, Basis of Presentation and Summary of Significant Accounting Policies - "Reverse Stock Split" for additional information. Â On November 1, 2024, the Company received notice from the Depository Trust and Clearing Corporation ("DTCC") on behalf of the brokerage firms that hold the shares of Company common stock held in â€œstreet nameâ€ that in connection with the rounding of fractional shares in connection with the Reverse Stock Split, the Company would need to issue 271,846 shares of common stock (the â€œSharesâ€) for the rounding of shares. The Company does not believe the number of Shares being requested is correct based on the historical number of shareholders of its common stock and is aware of similar anomalies in recent months for other companies completing a Reverse Stock Split. As such, the Company has begun an inquiry into the calculations set forth in the request. During the pendency of this inquiry, the Company does not intend to issue any shares in connection with the fractional shares being requested and has concluded that an obligation should not be recorded in its financial statements. The Company is not currently subject to any pending litigation as a result of the fractional roundup shares. Â Note 6 â€“ Related Party Transactions Â The Company utilizes a consulting firm that is owned by the Companyâ€™s former Chief Financial Officer to provide accounting and financial reporting services and pays certain expenses on behalf of the Company. For the three and nine months ended December 31, 2024 and 2023, the Company incurred fees of $0Â million and less than $0.1 million, respectively for both periods, excluding officer compensation. As of December 31, 2024 and March 31, 2024, the Company owed the consulting firm $0 and less than $0.1 million, respectively, for services and expenses. Â As of December 31, 2023, members of the Companyâ€™s management/Board and an immediate family member of the Companyâ€™s management (related party), collectively purchased $0.5 million ($0.4 million and $0.1 million, respectively) of the Bridge Offering. Â In connection with the closing of the IPO, this portion of the Companyâ€™s convertible notes were converted into 11,875 shares of the Companyâ€™s common stock. Â 19 Table of Contents Â On December 21, 2021, the Company entered into a perpetual, worldwide, exclusive license agreement (the â€œLicenseâ€ or â€œLicense Agreementâ€) with a company controlled by a significant stockholder of the Company (the â€œLicenseeâ€). The License allowedÂ the Licensee to use certain intellectual property and technology related to the diagnosis and treatment of cardiovascular conditions held by the Company. Â On July 7, 2023, the Company and the Licensee entered into an Exclusive License Termination Agreement (the â€œTermination Agreementâ€) in exchange for the issuance, upon the closing of the Companyâ€™s initial public offering within one year of the agreementâ€™s execution, of a warrant to purchase shares of the Company for a variable number of shares. The variable number of shares issued was based upon a fixed value of $8.0 million divided by the price per share in the offering. The warrants were exercisable at a price of $0.02 per share and may be exercised any time after the issuance date, subject to a beneficial ownership limitation, and expired five years from the original issuance. The warrants did not provide voting rights, dividend rights, and other rights of a shareholder prior to exercise. The shares underlying the warrant were subject to a lockup agreement for a period of six months after the closing of the offering with respect to 12.5% of the shares issued and twelve months after the closing of the offering for the remainder of the shares. Â On January 29, 2024, pursuant to the Termination Agreement, we issued a warrant to purchase 80,000 shares (the â€œWarrantâ€) pursuant to the Termination Agreement to the Licensee. The warrants are exercisable at a price of $0.02 per share and may be exercised any time after the issuance date, subject to a beneficial ownership limitation, and expires five years from the original issuance. The shares underlying the Warrant are subject to a lockup agreement for a period of six months after the closing of the IPO with respect to 12.5% of the shares issued and twelve months after the closing of the IPO for the remainder of the shares. In connection with the Termination Agreement, the Company agreed to register the resale of the shares of common stock underlying the Warrant upon a notice of 20 business days by the Warrant holder. Â The completion of the Companyâ€™s IPO fixed the number of warrant shares issuable and the Company re-classified the Warrant to additional-paid in capital as it met the requirements for equity classification. Upon reclassification, the Company valued the warrant at $8.0Â million, which represented the fair value of the shares issued on that date. Â Table of Contents Â Â Â Â Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS Â Â References in this Form 10-Q to â€œwe," â€œus," "its," â€œourâ€ or the â€œCompanyâ€ are to Autonomix Medical, Inc. (â€œAutonomixâ€), as appropriate to the context. Â You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the financial statements and the related notes appearing elsewhere in this Form 10-Q. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. See the section titled â€œRisk Factorsâ€ as found in the Annual Report in our Form 10-K filed with the SEC on May 31, 2024Â and the Offering Prospectus filed with the SEC on November 25, 2024, which are available on the SECâ€™s EDGAR website at www.sec.gov, for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results and the timing of events could differ materially from those discussed in our forward-looking statements as a result of many factors, including those set forth under â€œRisk Factorsâ€ and elsewhere in this Form 10-Q. Â CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS Â We make forward-looking statements under the â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ and in other sections of this Form 10-Q. In some cases, you can identify these statements by forward-looking words such as â€œmay,â€ â€œmight,â€ â€œshould,â€ â€œwould,â€ â€œcould,â€ â€œexpect,â€ â€œplan,â€ â€œanticipate,â€ â€œintend,â€ â€œbelieve,â€ â€œestimate,â€ â€œpredict,â€ â€œpotentialâ€ or â€œcontinue,â€ and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks and uncertainties described under â€œRisk Factorsâ€ as discussed in the Annual Report in our Form 10-K filed with the SEC on May 31, 2024 and the Offering Prospectus filed with the SEC on November 25, 2024, and in other filings made by us from time to time with the SEC. Â While we believe we have identified material risks, these risks and uncertainties are not exhaustive. Other sections of this Form 10-Q may describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, 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. Â Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations, and we do not intend to do so. Â Forward-looking statements include, but are not limited to, statements about: Â Â â€¢ the success of our ongoing and future clinical trials; Â â€¢ competition from existing products or new products that may emerge; Â â€¢ potential product liability claims; Â â€¢ our dependency on third-party manufacturers to supply or manufacture our future products; Â â€¢ our ability to obtain all parts required to manufacture our devices; Â 20 Table of Contents Â Â â€¢ our ability to establish or maintain collaborations, licensing or other arrangements; Â â€¢ our ability and third partiesâ€™Â abilities to protect intellectual property rights; Â â€¢ our ability to raise additional capital to adequately support future growth; Â â€¢ our ability to attract and retain key personnel to manage our business effectively; Â â€¢ risks associated with our identification of material weaknesses in our control over financial reporting; Â â€¢ natural disasters affecting us, our primary manufacturer or our suppliers; Â â€¢ our ability to establish relationships with health care professionals and organizations; Â â€¢ general economic uncertainty that adversely affects spending on medical procedures; Â â€¢ volatility in the market price of our stock; and Â â€¢ potential dilution to current stockholders from the issuance of equity awards and from future capital raising activities. Â We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-Q in the case of forward-looking statements contained in this Form 10-Q. Â Overview Â We are a development stage medical device development company focused on advancing innovative technologies for sensing and treating disorders relating to the nervous system. Our first-in-class technology platform includes a catheter-based microchip-enabled array that can detect and differentiate neural signals with a high degree of sensitivity as demonstrated in animal studies. We calculate sensitivity in units of minimum signal detection voltage in micro volts (uV) time area of the electrode (square millimeters). It is a combined measure that is related to the signal resolving power and spatial resolution of the system. For the BSC Orion, the nearest device on the market, the metrics are 10uV for signal detection levels, and roughly 0.4mm by 0.5mm for the electrode dimensions. For the Autonomix device, the metrics are <1uV for signal detection levels and roughly 0.02mm by 0.03mm for the electrode dimensions. The differences in these metrics result in a calculation of 3,000 times greater sensitivity for the Autonomix device. We believe, if we can recreate these results in clinical trials, this will enable a method of transvascular targeting, treating, and confirming treatment of diseases involving the nervous system throughout the body that is not currently available and may be capable of filling a wide range of unmet medical needs. Â We are initially developing our technology for patients with pancreatic cancer, a condition that can cause debilitating pain and needs a more effective solution. However, we believe our technology constitutes a platform with the potential to address dozens of indications in a range of areas including chronic pain management from all causes, hypertension, cardiovascular disease and a wide range of other nerve-related disorders. Â Our development efforts can be divided into to two sub parts: sensing and treatment, where sensing is focused on identifying neuronal activity that may be associated with a disorder with enough precision to enable targeted treatment. While the treatment may vary depending on the disorder, in our initial indications this will involve energy-based ablation (deliberate tissue damage, also referred to as denervation) intended to stop unwanted neuronal activity. Â Our sensing catheter has already been developed sufficiently to demonstrate in animal models successful identification of a signal from a specific nerve before ablation and confirmation of termination of the signal from the treated nerve after ablation. We are now in the process of improving the assembly of this catheter to meet the standards required for human use. In parallel with this effort, we are conducting our first-in-human demonstration of transvascular ablation (without the use of our sensing technology) to relieve pain associated with pancreatic cancer. Once these two efforts are completed, we plan to bring sensing and treatment together in a pivotal clinical trial to enable the commercial launch of our technology. As stated above, we are a development stage company and there is no guarantee that the results of any trials will produce positive results or that the results will support our claims. Â 21 Table of Contents Â Recent Developments Â Weï»¿ held our annual meeting of stockholders (the "Annual Meeting") on October 17, 2024, in that Annual Meeting, among other items, our stockholders approved an amendment to our amended and restated certificate of incorporation (the "Amendmentâ€) to effect the reverse stock split at a ratio in the range of 1-for-2 to 1-for-50, with such ratio to be determined in the discretion of our board of directors and with such reverse stock split to be effected at such time and date, if at all, as determined by our board of directors in its sole discretion prior to the one-year anniversary of the Annual Meeting. Â Pursuant to such authority granted by our stockholders, our board of directors approved a one-for-twenty (1:20) reverse stock split (the "Reverse Stock Splitâ€) of our common stock and the filing of the Amendment to effectuate the Reverse Stock Split. The Amendment was filed with the Secretary of State of the State of Delaware and the Reverse Stock Split became effective in accordance with the terms of the Amendment at 11:59 p.m. Eastern Time on October 24, 2024 (the "Effective Timeâ€), and our common stock opened for trading on The Nasdaq Capital Market on October 25, 2024 on a post-split basis, under the existing ticker symbol "AMIXâ€ but with a new CUSIP number 05330T205. The Amendment provides that, at the Effective Time, every twenty shares of our issued and outstanding common stock will automatically be combined into one issued and outstanding share of common stock, without any change in par value per share, which will remain $0.001. Â On November 1, 2024, we received notice from the Depository Trust and Clearing Corporation ("DTCC") on behalf of the brokerage firms that hold the shares of our common stock held in â€œstreet nameâ€ that in connection with the rounding of fractional shares in connection with the Reverse Stock Split we would need to issue 271,846 shares of common stock (the â€œSharesâ€). We do not believe the number of Shares being requested is correct based on the historical number of shareholders of our common stock and are aware of similar occurrences in recent months for other companies completing a Reverse Stock Split. As such, we have initiated an inquiry into the calculations set forth in the request. During the pendency of this inquiry, we do not intend to issue any shares in connection with the fractional shares being requested and have concluded that an obligation should not be recorded in our financial statements. We are not currently subject to any pending litigation as a result of the fractional roundup shares. Â On November 22, 2024, we entered intoÂ an Underwriting Agreement (the â€œUnderwriting Agreementâ€) with Ladenburg Thalmann & Co. Inc., as representative of the several underwriters, if any, named on Schedule I of the Underwriting Agreement (the â€œUnderwritersâ€), in connection with a firm commitment underwritten public offering (the â€œOfferingâ€) of: (i) 458,691 common units (the â€œCommon Unitsâ€), each Common Unit consisting of one share of common stock and one series A warrant to purchase one share of common stock (the â€œSeries A Warrantsâ€); and (ii) 917,596 pre-funded units (the â€œPre-Funded Unitsâ€) and together with the Common Units, the "Units", each Pre-Funded Unit consisting of one pre-funded warrant to purchase one share of common stock (the â€œPre-Funded Warrantâ€) and one Series A Warrant. The purchase price of each Common Unit was $6.540, and the purchase price of each Pre-Funded Unit was $6.539.Â In addition, we granted the Underwriters a 45-day option to purchase additional 206,422 shares of common stock, and/or additional 206,422 Series A Warrants, solely to cover over-allotments, if any. The Pre-Funded Warrants have an exercise price of $0.001 per share, are immediately exercisable and may be exercised at any time until all of the Pre-Funded Warrants are exercised in full. The Series A Warrants have an exercise price of $6.540 per share, are immediately exercisable and may be exercised at any time until the five-year anniversary of the date of issuance. The Pre-Funded Warrants and Series A Warrants were issued pursuant a warrant agency agreement between the Company and Equity Stock Transfer, LLC (the â€œWarrant Agency Agreementâ€). The Offering closed on November 25, 2024. On November 22, 2024, the Underwriters partially exercised their over-allotment option with respect to 156,809 shares of Common Stock and 156,809 Series A Warrants. The aggregate gross proceeds to the Company, including the partial exercise of the over-allotment option, were approximately $10.0 million, before deducting underwriting discounts and other estimated expenses payable by the Company. Under the terms of the Underwriting Agreement, the Underwriters received an underwriting discount of 8.0% to the public offering price for the Units. In addition, we agreed to reimburse the Underwriters for certain out-of-pocket expenses up to $115,000. We also issued to the representative of the Underwriters warrants to purchase up to 91,985 shares of common stock at an exercise price of $10.137 per share (the â€œRepresentativeâ€™s Warrantsâ€). Â Results of Operations for theÂ Three and Nine Months Ended December 31, 2024Â Compared to theÂ Three and Nine Months Ended December 31, 2023 Â Below is a summary of the results of operations (in thousands): Â Â Â Three Months Ended December 31, Â Â Â Â Â Â 2023 Â Â Change Â Â Change Â Â Â 2024 Â Â (as revised) Â Â ($) Â Â (%) Â Operating expenses: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â General and administrative Â $ 1,703 Â Â $ 2,237 Â Â $ (534) Â Â (24)% Research and development Â Â 1,044 Â Â Â 687 Â Â Â 357 Â Â Â 52 % Total operating expenses Â $ 2,747 Â Â $ 2,924 Â Â $ (177) Â Â (6)% Â Â Â Nine Months Ended December 31, Â Â Â Â Â Â 2023 Â Â Change Â Â Change Â Â Â 2024 Â Â (as revised) Â Â ($) Â Â (%) Â Operating expenses: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â General and administrative Â $ 5,164 Â Â $ 3,531 Â Â $ 1,633 Â Â Â 46 % Research and development Â Â 3,172 Â Â Â 1,527 Â Â Â 1,645 Â Â Â 108 % Warrant expense - termination agreement Â Â - Â Â Â 4,556 Â Â Â (4,556) Â Â (100)% Total operating expenses Â $ 8,336 Â Â $ 9,614 Â Â $ (1,278) Â Â (13)% Â General and Administrative Expense Â General and administrative expense was $1.7Â million for the three months ended December 31, 2024 compared to $2.2Â million for the same period in 2023. This $0.5Â million decreaseÂ was driven primarily by a decrease in advertising expense of $1.3 million, offset by increases in officer and employee compensation and benefits of $0.3 million, as we expanded our management team, stock-based compensation of $0.2 million, insurance expense of $0.1 million, franchise tax of $0.1 million and legal and professional fees of $0.1 million. Â General and administrative expense was $5.1Â million for theÂ nine months ended December 31, 2024 compared to $3.5Â million for the same period in 2023. This $1.6Â million increase was driven primarily by increases in officer and employee compensation and benefits of $1.2 million, as we expanded our management team, stock-based compensation of $0.7 million, insurance expense of $0.3 million, legal and professional fees of $0.4 million, franchise tax of $0.2 million, and board of directors compensation of $0.1 million, offset by a decrease in advertising expense of $1.3 million. Â Research and Development Expense Â Research and development expense was $1.0 million for the three months ended December 31, 2024 compared to $0.7 million for the same period in 2023. Â Research and development expense was $3.2 million for the nine months ended December 31, 2024 compared to $1.5 million for the same period in 2023 Â The increases in research and development expenses during the current year was mainly attributed to our clinical trial and product development costs. We expect to incur increased research and development costs in the future as we continue with our clinical trial and product development costs. Â Interest expense Â For the three and nine months ended December 31, 2024, we had interest expense of less than $0.1 million and $0.1 million, respectively, related to the amortization of debt discount. Interest expense was less than $0.1 million during the three and nine months ended December 31, 2023, respectively. Â Interest income Â For the three and nine months ended December 31, 2024, we had interest income of less than $0.1 million and $0.2 million, respectively. Interest income for the three and nine months ended December 31, 2023 was less than $0.1 million, respectively,Â due to relatively lower cash balances. Â 22 Table of Contents Â Liquidity and Capital Resources Â On December 31, 2024, we had cash of $11.8 million, and working capital of $9.7 million. We have historically funded our operations from proceeds from debt and equity sales. We estimate our current cash resources are sufficient to fund our operations into but not beyond the first calendar quarter of 2026. Â Our plan of operations is primarily focused on developing our initial product, which is currently in the proof-of-concept stage at this time. We are initially focusing on the treatment of pain associated with pancreatic cancer and we have designed our commercialization efforts around this as our first proposed indication for use. Â We will need to raise additional capital to meet our obligations and execute our business plan. We estimate that we will require additional financing of approximately $30 to $35Â million to fund our operations to commercialization of our first indication. The timing and costs of clinical trials are difficult to predict and trial plans may change in response to evolving circumstances and as such the foregoing estimates may prove to be inaccurate. If we are unable to raise sufficient funds, we will be required to develop and implement an alternative plan to further extend payables, reduce overhead or scale back our business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. The Company recognizes it will need to raise additional capital to continue to execute its business plan, including obtaining regulatory clearance for its products currently under development and commercializing and generating revenues from products under development. There is no assurance that additional financing will be available when needed or that management will be able to obtain financing on terms acceptable to the Company. A failure to raise sufficient capital, generate sufficient product revenues, control expenditures and regulatory matters, among other factors, will adversely impact the Companyâ€™s ability to meet its financial obligations as they become due and payable and to achieve its intended business objectives. If the Company is unable to raise sufficient additional funds, it will have to scale back its operations. Â Summary of Cash Flows Â Cash used in operating activities Â Net cash used in operating activities was $5.7 million during the nine months ended December 31, 2024, consisting of a net loss of $8.2 million, a decrease in operating assets of $0.7 million and an increase in operating liabilities of $0.3Â million. The change in operating assets and liabilities included sources of cash from a decrease in other current assets of $0.7Â million and a net increase in accounts payable and accrued expenses of $0.3 million. The decrease in other current assets was driven primarily by the receipt of funds from our marketing partner that were a holdback from our IPO and the amortization of prepaid insurance costs. The net increase in accounts payable and accrued expenses wasÂ driven primarily by increases in research and development expenses and accruing for franchise tax. Non-cash items consisted of stock-based compensation of $1.2 million, depreciation and amortization of $0.1 million and issuance of common stock, net of discount for lack of marketability of $0.1 million. Â Net cash used in operating activities was $4.4 million during the nine months ended December 31, 2023, consisting of a net loss of $10.0 million, an increase in operating assets of $0.5 million and an increase in operating liabilities of $0.8 million. The change in operating assets and liabilities included sources of cash from an increase in accounts payable of $0.5 million and accrued expenses of $0.3 million offset by a use of cash for other current assets of $0.5 million. The increases in accounts payable and accrued expenses were driven primarily by increased research and development costs for the development of our medical devices, general and administrative costs consisting of professional fees, officer compensation and marketing costs. The increase in other current assets was driven primarily by prepaid marketing costs. Non-cash items consisted of $4.6 million for warrant expense â€“ termination agreement, $0.4 million for warrant liability â€“ mark-to-market adjustment and stock-based compensation of $0.4 million. Â Cash used in investing activities Â Net cash used in investing activities was $10 thousand for the nine months ended December 31, 2024 related to the purchase of computer hardware and software. Â Net cash used in investing activities was $16 thousand for the nine months ended December 31, 2023 related to the purchase of computer hardware and software. Â Cash provided by financing activities Â Net cash provided by financing activities was $9.0 millionÂ for the nine months ended December 31, 2024. OnÂ November 25, 2024, we announced the closing of our previously announced public offering ofÂ i) 458,691 Common Units, each Common Unit consisting of one share of common stock, par value $0.001 per share, of the Company (the â€œCommon Stockâ€) and one series A warrant to purchase one share of Common Stock (the â€œSeries A Warrantsâ€); and (ii) 917,596 pre-funded units (the â€œPre-Funded Unitsâ€), each Pre-Funded Unit consisting of one pre-funded warrant to purchase one share of Common Stock (the â€œPre-Funded Warrantâ€) and one Series A Warrant. The purchase price of each Common Unit was $6.540 and the purchase price of each Pre-Funded Unit was $6.539.Â On November 22, 2024, the Underwriters partially exercised their over-allotment option with respect to 156,809 shares of Common Stock with a purchase price of $6.540. The aggregate gross proceeds to the Company, including the partial exercise of the over-allotment option, were approximately $10.0 million, before deducting underwriting discounts and other estimated expenses payable by the Company. We also paid $1.0 million in issuance costs related to our financing event on November 2024. Â Net cash provided by financing activities was $4.7 million for the nine months ended December 31, 2023 consisting of $2.8 million from the sale of common stock and $2.0 million from the issuance of convertible notes.Â We also paid $0.1 million in offeringÂ costs related to our January 2024 IPO. Â Contractual Obligations and Commitments Â None. Â Employment Arrangements Â We have agreements with key employees to provide certain benefits, including salary and other wage-related benefits, in the event of termination. In addition, the Company has adopted a severance policy for certain key members of executive management to provide certain benefits, including salary and other wage-related benefits, in the event of termination. In total, these benefits would amount to a range of $1.1 million to $1.6 million using the rate of compensation in effect at December 31, 2024. Â 23 Table of Contents Â Off-balance Sheet Arrangements Â As of December 31, 2024 and March 31, 2024, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Â Critical Accounting Policies and Significant Judgments and Estimates Â The financial statements in this quarterly report have been prepared in accordance with generally accepted accounting principles in the United States of America (â€œGAAPâ€). The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements, including the notes thereto. We consider critical accounting policies to be those that require more significant judgments and estimates in the preparation of our financial statements, including the following: work performed but not yet billed by contract manufacturers, engineers and research organizations, warrant liability and the valuation of equity related instruments. Management relies on historical experience and other assumptions believed to be reasonable in making its judgments and estimates. Actual results could differ materially from those estimates. Â Management believes its application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are periodically reevaluated, and adjustments are made when facts and circumstances dictate a change. Â Our accounting policies are more fully described under the heading â€œDescription of the Business, Basis of Presentation and Summary of Significant Accounting Policiesâ€ in Note 1 of our Annual Report on Form 10-K filed with the SEC on May 31, 2024. Â Item 3. Quantitative and Qualitative Disclosures About Market Risk Â 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. Â Item 4. Controls and Procedures Â Evaluation of Disclosure Controls and ProceduresÂ and Changes in Internal Control over Financial Reporting Â We maintain a set of disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, designed to ensure that material information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SECâ€™s rules and forms and that material information is accumulated and communicated to our management, including our Chief Executive Officer (â€œCEOâ€), who serves as our principal executive officer, and Chief Financial Officer (â€œCFOâ€), who serves as our principal accounting officer, as appropriate, to allow timely decisions regarding required disclosures. Â Under the supervision, and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness, as of December 31, 2024, of our disclosure controls and procedures. Based upon such evaluation and due to both the limited staffing of the Company at its early stage of development and the existence of the material weaknesses in our internal control over financial reporting described below, our CEO and CFO have concluded that, as of December 31, 2024, our disclosure controls and procedures were not effective. Â A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. As previously disclosed in the Annual Report in our Form 10-K filed with the SEC on May 31, 2024, our management concluded that our internal control over financial reporting was, and continues to be, ineffective as of December 31, 2024 due to material weaknesses in our internal controls arising from a lack of segregation of duties; general technology controls; and financial statement reporting. It should be noted that any system of controls, however well designed and operated, can provide only reasonable and not absolute assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of certain events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Â 24 Table of Contents Â Due to our size and the limited number of qualified personnel available, the segregation of certain duties, the proper review of complex accounting transactions and the availability of specific accounting expertise on critical and infrequent or unusual accounting mattersÂ may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of daily transactions, the custody of assets and the recording, review and disclosure of complex and unusual accounting transactions should be performed by separate individuals, and where possible, with input from outside accounting subject matter experts. Management evaluated the impact of our failure to maintain effective segregation of duties on our assessment of our internal control over financial reporting and has concluded that the control deficiency represents a material weakness. As previously disclosed, in our Form 10-K for the fiscal year ending March 31, 2024, we hired new executive officers and management with significant financial and accounting experience in both private and public companies. During the nine months ended December 31, 2024, an additional experienced staff was hired in the accounting and finance department. We have added the use of additional consulting firms to assist with significant and complex accounting transactions and to assist with our segregation of duties and create a more structured financial statement reporting environment. Experienced personnel will be hired in the accounting and finance department and appropriate consultants will be upgraded as soon as it becomes economically feasible and sustainable. In addition, management has added additional mitigating controls with regards to cash disbursements; changes were made in our authorization processes to improve segregation of duties; and we performed additional analysis and other post-closing procedures to ensure our financial statements were prepared in accordance with generally accepted accounting principles. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented. Â Changes in Internal Control over Financial Reporting Â We have not experienced any material impact to our internal controls over financial reporting despite the fact that our employees are working remotely. We are continually monitoring and assessing the situation on our internal controls to minimize the impact on their design and operating effectiveness. Â Other than as described above, there has been no change in our internal control over financial reporting during our most recent calendar quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Â 25 Table of Contents Â PART II - OTHER INFORMATION Â Item 1. Legal Proceedings Â From time to time, in the ordinary course of our business, we may be involved in legal proceedings, the outcomes of which may not be determinable. The results of litigation are inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in diversion of significant resources. We are not able to estimate an aggregate amount or range of reasonably possible losses for those legal matters for which losses are not probable and estimable. We have insurance policies covering potential losses where such coverage is cost effective. Â Item 1A. Risk Factors Â In addition to the other information set forth in this report, you should carefully consider the factors discussed in the section entitled â€œRisk Factorsâ€ as found in the Annual Report in our Form 10-K filed with the SEC on May 31, 2024 and the Offering Prospectus filed with the SEC on November 25, 2024. Â The risks described in our Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to our risk factors from those set forth in our Form 10-K filed with the SEC on May 31, 2024 and the Offering Prospectus filed with the SEC on November 25, 2024 aside from the following: Â We completed a reverse stock split on October 24, 2024 in an effort to regain compliance with Nasdaq listing rules and we cannot predict the effect that such reverse stock split will have on the market price for shares of our common stock. Â Our board of directors approved a 1-for-20 reverse stock split of our common stock, which became effective at 11:59 p.m. Eastern Time on October 24, 2024. We cannot predict the effect that the reverse stock split will have on the market price for shares of our common stock, and the history of similar reverse stock splits for companies in like circumstances has varied. Some investors may have a negative view of a reverse stock split. Even if the reverse stock split has a positive effect on the market price for shares of our common stock, performance of our business and financial results, general economic conditions and the market perception of our business, and other adverse factors which may not be in our control could lead to a decrease in the price of our common stock following the reverse stock split. Â Furthermore, even if the reverse stock split does result in an increased market price per share of our common stock, the market price per share following the reverse stock split may not increase in proportion to the reduction of the number of shares of our common stock outstanding before the implementation of the reverse stock split. Accordingly, even with an increased market price per share, the total market capitalization of shares of our common stock after a reverse stock split could be lower than the total market capitalization before the reverse stock split. Also, even if there is an initial increase in the market price per share of our common stock after a reverse stock split, the market price many not remain at that level. Â If the market price of shares of our common stock declines following the reverse stock split, the percentage decline as an absolute number and as a percentage of our overall market capitalization may be greater than would occur in the absence of the reverse stock split due to decreased liquidity in the market for our common stock. Accordingly, the total market capitalization of our common stock following the reverse stock split could be lower than the total market capitalization before the reverse stock split. Â We may be required to issue up to 271,846 shares of common stock in connection with the reverse stock split we completed on October 24, 2024, and we may be subject to potential liability if it is determined that we are required to issue such shares and we fail to issue such shares on a timely basis. Â On October 24, 2024, we completed a one-for-twenty reverse stock split of our common stock. In connection with the approval of the reverse stock split, we agreed that no fractional shares will be issued in connection with the reverse stock split and that we would issue one full share of the post-reverse stock split common stock to any shareholder who would have been entitled to receive a fractional share as a result of the process. On November 1, 2024, we received notice from DTCC on behalf of the brokerage firms that hold the shares of our common stock held in â€œstreet nameâ€ that in connection with the foregoing rounding of shares we would need to issue 271,846 shares of common stock. Â We do not believe the number of shares being requested is correct based on the historical number of shareholders of our common stock and have begun an inquiry into the calculations set forth in the request. During the pendency of this inquiry, we do not expect to issue any shares in connection with the fractional shares being requested. We may face potential liability for our failure to issue the shares of common stock if it is determined that we are required to issue such shares. In addition, our shareholders will be diluted to the extent of any issuances of shares of common stock in connection with the foregoing. Â Provisions of the Series A Warrants we issued in our November 2024 offering could discourage an acquisition of us by a third party. Â The Series A Warrants we issued in our November 2024 offering provide that in the event of a â€œFundamental Transactionâ€ (as defined in the related warrant agreement, which generally includes any merger with another entity, the sale, transfer or other disposition of all or substantially all of our assets to another entity, or the acquisition by a person of more than 50% of our common stock), each Series A Warrant holder will have the right at any time prior to the consummation of the Fundamental Transaction to require us to repurchase the common warrant for a purchase price in cash equal to the Black-Scholes value (as calculated under the warrant agreement) of the then remaining unexercised portion of such Series A Warrant on the date of such Fundamental Transaction, which may materially adversely affect our financial condition and/or results of operations and may prevent or deter a third party from acquiring us. Â Item 2. Unregistered Sales of Equity Securities and Use of Proceeds Â On December 17, 2024, we granted a new employee a ten-year option (the â€œInducement Optionsâ€) to purchase 19,500 shares of common stock at an exercise price equal to the closing price of our common stock on the date of the employment. The option vests in four equal annual installments (or 4,875 shares each installment) on each of the succeeding four anniversary dates of the execution of the date of employment, provided the employee is employed by us on each vesting date. The Inducement Options were granted outside of our 2023 Stock Plan as an inducement material to the employee entering into employment with us in accordance with Nasdaq Stock Market Listing Rule 5635(c)(4). All the securities were issued in reliance on the exemption provided by Section 4(a)(2) of the Securities Act for the offer and sale of securities not involving a public offering, and/or Regulation D promulgated under the Securities Act. Â Item 3. Defaults Upon Senior Securities Â None. Â Item 4. Mine Safety Disclosures Â Not applicable. Â Item 5. Other Information Â During the period covered by this Quarterly Report, none of the Companyâ€™s directors or executive officers has adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended). Â Â Item 6. Exhibits Â INDEX TO EXHIBITS Â Exhibit Number Â Description 1.1 Â Underwriting Agreement, dated November 22, 2024, with Ladenburg Thalmann & Co. Inc. (incorporated by reference from exhibit 1.1 of the Form 8-K filed November 25, 2024 3.1 Â Amended and Restated Certificate of Incorporation of Autonomix Medical, Inc.Â (incorporated by reference from exhibit 2.1 of the Form 1-A POS, file number 024-12296, filed January 19, 2024) 3.2 Â Amended and Restated Bylaws of Autonomix Medical, Inc.Â (incorporated by reference from exhibit 2.2 of the Form 1-A POS, file number 024-12296, filed January 19, 2024) 3.3 Â Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Autonomix Medical, Inc., filed with the Secretary of State of the State of DelawareÂ (incorporated by reference from exhibit 3.1 of the Form 8-K filed October 28, 2024) 4.1 Â Form of Pre-funded Warrant from November 2024 Offering (incorporated by reference from exhibit 4.1 of the Form 8-K filed November 25, 2024) 4.2 Â Form of Series A Warrant from November 2024 Offering (incorporated by reference from exhibit 4.2 of the Form 8-K filed November 25, 2024) 4.3 Â Warrant Agency Agreement, dated November 22, 2024, with Equity Stock Transfer, LLC from November 2024 Offering (incorporated by reference from exhibit 4.3 of the Form 8-K filed November 25, 2024) 4.4 Â Form of Representative's Warrant from November 2024 Offering (incorporated by reference from exhibit 4.4 of the Form 8-K filed November 25, 2024) 31.1* Â Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934. 31.2* Â Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934. 32.1*(1) Â Certification of the 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*(1) Â Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Â Â 101.INS* Â Inline XBRL Instance Document 101.SCH* Â Inline XBRL Taxonomy Extension Schema Document 101.CAL* Â Inline XBRL Taxonomy Extension Calculation Linkbase Document 101.DEF* Â Inline XBRL Taxonomy Extension Definition Linkbase Document 101.LAB* Â Inline XBRL Taxonomy Extension Label Linkbase Document 101.PRE* Â Inline XBRL Taxonomy Extension Presentation Linkbase Document 104* Â Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) Â Â * Filed herewith. Â (1) The certifications on Exhibit 32 hereto are deemed not â€œfiledâ€ for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act. Â 26 Table of Contents Â SIGNATURES Â 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. Â AUTONOMIX MEDICAL, INC. Â Â SIGNATURE Â TITLE Â DATE Â Â Â Â /s/ Brad Hauser Â Chief Executive Officer andÂ President Â February 13, 2025 Brad Hauser Â (principal executive officer) Â Â Â Â Â Â /s/ Trent Smith Â Chief Financial Officer and Executive Vice-President Â February 13, 2025 Trent Smith Â (principal financial and accounting officer) Â Â Â Â Â 27 0001437749-25-003669ex_746086.htm Exhibit 31.1Â CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTEDPURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002Â Â I, Brad Hauser, certify that:Â 1.Â Â Â I have reviewed this Quarterly Report on Form 10-Q of Autonomix Medical, Inc.;Â 2.Â Â Â 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;Â 3.Â Â Â 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;Â 4.Â Â Â The registrantâ€™s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:Â Â (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; Â Â Â Â (b) Intentionally omitted; Â Â Â Â (c) Evaluated the effectiveness of the registrantâ€™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 Â Â Â Â (d) Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and Â 5.Â Â Â The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):Â Â (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 registrantâ€™s ability to record, process, summarize and report financial information; and Â Â Â Â (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â Date: February 13, 2025Â /s/ Brad Hauser Â Brad Hauser Â Chief Executive Officer andÂ President Â (Principal Executive Officer) Â Â Â 0001437749-25-003669ex_746087.htm Exhibit 31.2Â CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTEDPURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002Â Â I, Trent Smith, certify that:Â 1.Â Â Â I have reviewed this Quarterly Report on Form 10-Q of Autonomix Medical, Inc.;Â 2.Â Â Â 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;Â 3.Â Â Â 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;Â 4.Â Â Â The registrantâ€™s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:Â Â (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; Â Â Â Â (b) Intentionally omitted; Â Â Â Â (c) Evaluated the effectiveness of the registrantâ€™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 Â Â Â Â (d) Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and Â 5.Â Â Â The registrantâ€™s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):Â Â (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 registrantâ€™s ability to record, process, summarize and report financial information; and Â Â Â Â (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â Date: February 13, 2025Â /s/Â Trent Smith Â Trent Smith Â Chief Financial Officer and Executive Vice-President Â (Principal Financial and Accounting Officer) Â Â Â 0001437749-25-003669ex_746088.htm Exhibit 32.1Â CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002Â I, Brad Hauser, do hereby certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:Â 1. The Quarterly Report on Form 10-Q of Autonomix Medical, Inc. for the quarter ended December 31, 2024, as filed with the Securities and Exchange Commission (the â€œReportâ€), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and Â 2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â Â Date: February 13, 2025Â Â /s/Â Brad Hauser Â Â Brad Hauser Â Â Chief Executive Officer and President Â Â (Principal Executive Officer) Â Â Â 0001437749-25-003669ex_746089.htm Exhibit 32.2Â CERTIFICATION PURSUANT TO18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TOSECTION 906 OF THE SARBANES-OXLEY ACT OF 2002Â I, Trent Smith, do hereby certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:Â 1. The Quarterly Report on Form 10-Q of Autonomix Medical, Inc. for the quarter ended December 31, 2024, as filed with the Securities and Exchange Commission (the â€œReportâ€), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and Â 2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Â Â Date: February 13, 2025Â Â /s/Â Trent Smith Â Â Trent Smith Â Â Chief Financial Officer and Executive Vice-President Â Â (Principal Financial and Accounting Officer) Â Â Â Â