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DELTA REPORT

10-Q

ONEMEDNET CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2134
CHANGES	53
DELETIONS	1016
ADDITIONS	1065

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2023
For the quarterly period ended March 31, 2024
OR

or

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

For the transition period from to

Commission File Number: Number 001-40386

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ONEMEDNET CORPORATION

(Exact name of registrant Registrant as specified in its charter) Charter)

Delaware	**35-2303727 86-2076743**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6385 Old Shady Oak Rd. Road, Suite 250 Eden Prairie, MN Minnesota	**55344**
(Address of principal executive offices)	**(Zip Code)**

800-918-7189

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

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

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

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

Indicate by check mark whether the registrant Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant Registrant was required to submit and post such files). YES ☒ NO ☐

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

Large accelerated filer	Large-accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer ☐		☒	Smaller reporting company	☒

Emerging growth company ☒

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

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

As of November 20, 2023 December 5, 2024, there were 32,263,342 27,987,427 shares of Common Stock, common stock, par value $0.0001 $0.0001 per share, of the registrant issued and outstanding.

ONEMEDNET CORPORATION
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2023
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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

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

	March 31, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 174	$ 47
Accounts receivable, net	253	152
Prepaid expenses and other current assets	229	166
Total current assets	**656**	**365**
Property and equipment, net	94	99
Total assets	**$ 750**	**$ 464**
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable & accrued expenses	$ 5,875	$ 4,965
Deferred revenues	456	254
Loan extensions	2,992	2,992
PIPE Notes	1,617	1,637
Deferred underwriter fee payable	3,307	3,525
Line of credit	411	-
Total current liabilities	14,658	13,373
Loan, related party	1,777	465
Other long-term liabilities	16	68
Total liabilities	**16,451**	**13,906**
Commitments and contingencies (Note 12)		
Stockholders' deficit:		
Preferred Stock, par value $0.0001, 1,000,000 shares authorized at March 31, 2024 and December 31, 2023; no shares issued and outstanding at March 31, 2024 and December 31, 2023	-	-
Common Stock, par value $0.0001; 100,000,000 shares authorized, 23,850,010 shares issued and 23,662,265 shares outstanding at March 31, 2024, and 23,572,232 shares issued and outstanding as of December 31, 2023	2	2
Additional paid-in-capital	78,375	77,996
Treasury stock, at cost, 187,745 and 0 shares at March 31, 2024 and December 31, 2023, respectively	(529)	-
Accumulated deficit	(93,549)	(91,440)
Total stockholders' deficit	**(15,701)**	**(13,442)**
Total liabilities and stockholders' deficit	**$ 750**	**$ 464**

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

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue		
Subscription revenue	$ 201	$ 167
Web imaging revenue	47	33
Total revenue	**248**	**200**
Cost of revenue	317	289
Gross margin	(69)	(89)
Operating expenses		
General and administrative	1,358	539
Sales and marketing	229	259
Research and development	445	582
Total operating expenses	**2,032**	**1,380**
Loss from operations	**(2,101)**	**(1,469)**
Other expense (income), net		
Interest expense	42	-
Change in fair value of warrants	(7)	-
Change in fair value of PIPE Notes	(20)	-
Change in fair value of convertible promissory notes	-	4,414
Stock warrant expense	-	1,935
Other (income) expense	(7)	8
Total other expense, net	8	6,357
Net loss	**$ (2,109)**	**$ (7,826)**
Earnings per share:		
Basic and diluted net loss per common share outstanding	$ (0.09)	$ (1.94)
Basic and diluted weighted average number of common shares outstanding	23,681,846	4,033,170

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS ONEMEDNET CORPORATION

This Quarterly Report on Form 10-Q and the documents incorporated herein by reference contain forward-looking**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN TEMPORARY EQUITY AND STOCKHOLDERS' DEFICIT**

(In thousands, except share data)

(Unaudited)

	Series A-2 Preferred Stock		Series A-1 Preferred Stock		Total Temporary Equity	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	**Amount**	**Shares**	**Amount**	**Amount**	**Shares**	**Amount**			
Balances as of December 31, 2022	**3,415,923**	**$ 9,634**	**2,839,957**	**$ 8,010**	**$ 17,644**	**4,033,170**	**$ -**	**$ 13,657**	**$ (57,660)**	**$ (26,359)**
Issuance of OMN warrants in conjunction with convertible promissory notes	-	-	-	-	-	-	-	1,935	-	1,935
Stock-based compensation expense	-	-	-	-	-	-	-	368	-	368
Net loss	-	-	-	-	-	-	-	-	(7,826)	(7,826)
Balances as of March 31, 2023	**3,415,923**	**$ 9,634**	**2,839,957**	**$ 8,010**	**$ 17,644**	**4,033,170**	**$ -**	**$ 15,960**	**$ (65,486)**	**$ (31,882)**

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

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Such forward-looking statements are based on current expectations, estimates and projections about OneMedNet Corporation's industry, management beliefs, and assumptions made by management. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to predict; therefore, actual results and outcomes may differ materially from what is expressed or forecasted in any such forward-looking statements. Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, it is not possible to foresee or identify all factors that could have a material effect on the future financial performance of the Company. The forward-looking statements in this Quarterly Report on Form 10-Q are made on the basis of management's assumptions and analyses, as of the time the statements are made, in light of their experience and perception of historical conditions, expected future developments and other factors believed to be appropriate under the circumstances. Except as otherwise required by the federal securities laws, we disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this Quarterly Report on Form 10-Q and the information incorporated by reference in this Quarterly Report on Form 10-Q to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

ONEMEDNET CORPORATION

PART I — FINANCIAL INFORMATION **CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
(In thousands)
(Unaudited)

Item 1. Financial Statements

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash flows from operating activities:		
Net loss	$ (2,109)	$ (7,826)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	11	6
Stock-based compensation expense	137	368
Change in fair value of warrant liabilities	(7)	-
Change in fair value of PIPE Notes	(20)	-
Gain on forgiveness of CEBA loan	(15)	-
Non-cash interest	38	-
Change in fair value of convertible promissory notes	-	4,414
Stock warrant expense	-	1,935
Change in operating assets and liabilities:		
Accounts receivable	(101)	(235)
Prepaid expenses and other current assets	(63)	(26)
Accounts payable & accrued expenses	380	271
Deferred revenues	202	91
Net cash used in operating activities	(1,547)	(1,002)
Cash flows from investing activities:		
Purchases of property and equipment	(6)	-
Net cash used in investing activities	(6)	-
Cash flows from financing activities:		
Proceeds from issuance of shareholder loans	1,300	-
Proceeds from line of credit borrowings	410	-
Repayment of CEBA loan	(30)	-
Proceeds from issuance of convertible notes	-	1,075
Business Combination costs	-	(199)
Net cash provided by financing activities	1,680	876
Net increase (decrease) in cash and cash equivalents	127	(126)
Cash and cash equivalents at beginning of period	47	271
Cash and cash equivalents at end of period	$ 174	$ 145
Supplemental disclosures of non-cash investing and financing activities:		
Issuance of common stock to settle deferred underwriter fee payable	$ 242	$ -
Consideration for repurchase of common stock included in accounts payable and accrued expenses	$ (529)	$ -

ONEMEDNET CORPORATION
BALANCE SHEETS
(UNAUDITED)

	September 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 611,822	$ 270,859

Accounts receivable, net of allowance (2023 $0 and 2022 $102,700)	86,392	18,975
Prepaid expenses and other assets	87,387	100,945
Receivable from SPAC IPO Costs	2,059,975	900,152
Total current assets	**2,845,576**	**1,290,931**
Property and Equipment, Net	92,368	83,097
Total assets	**$ 2,937,944**	**$ 1,374,028**
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable & accrued expenses	1,475,276	$ 1,134,752
Deferred revenues	393,780	183,683
Convertible promissory notes	12,365,000	8,490,000
Canada Emergency Business Loan Act	44,330	-
Total current liabilities	**14,278,386**	**9,808,435**
Long Term Liabilities		
Convertible promissory notes	1,500,000	1,500,000
Canada Emergency Business Loan Act	-	44,144
Accrued interest, related party	1,193,896	690,772
Loan, related party	704,000	-
Total liabilities	**17,676,282**	**12,043,351**
Stockholders' Equity (Deficit)		
Preferred Series A-2, par value $0.0001, 4,200,000 shares authorized, and 3,861,197 shares issued and outstanding as of September 30, 2023, and December 31, 2022	385	385
Preferred Shares A-1, par value $0.0001, 4,400,000 shares authorized and, 3,204,000 shares issued and outstanding as of September 30, 2023, and December 31, 2022	320	320
Common Stock, par value $0.0001, 30,000,000 shares authorized, and 4,550,166 shares issued and outstanding as of September 30, 2023, and December 31, 2022	455	455
Additional paid in capital	22,095,370	21,206,738
Accumulated deficit	(36,834,868)	(31,877,221)
Total stockholders' equity (deficit)	**(14,738,338)**	**(10,669,323)**
Total liabilities and stockholders' equity (deficit)	**$ 2,937,944**	**$ 1,374,028**

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

ONEMEDNET CORPORATION
STATEMENTS OF OPERATIONS
(unaudited)

	Nine Months Ended September 30, **2023**	Year Ended December **2022**
Revenue	$ 680,918	$ 888,970
Cost of Revenue	812,202	1,106,285
Gross Profit	(131,284)	(217,315)
Operating Expenses		
General and administrative	2,167,719	2,034,938
Operations	162,453	203,529
Sales & Marketing	816,801	588,292
Research and development	1,133,149	710,362
Total Operating Expenses	4,280,122	3,537,121
Operating loss	(4,411,406)	(3,754,436)
Other Expense (income)		
Interest expense	503,123	272,682
Other expense	43,118	29,942
	546,241	302,624
Net loss	**$ (4,957,647)**	**$ (4,057,060)**

Earnings per Share September 30, 2023 -$1.09 and 2022 -$1.44
Diluted Earnings per Share September 30, 2023 -$0.29 and 2022 -$0.44
Common Stock Equivalents September 30, 2023 12,664,133 and 2022- 8,565,053

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

ONEMEDNET CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023
AND
YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

	Series A-2 Preferred Stock		Series A-1 Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balances, December 31, 2021	3,853,797	$ 385	3,204,000	$ 320	4,342,666	$ 434	$ 19,607,173	$ (25,310,924)	**$ (5,702,612)**
Issuance of common shares in exchange for services					200,000	20	199,980		200,000
Issuance of common shares in exchange for cash at $1.00 per share					7,500	0.75	7,499		7,500
Stock-based compensation expense							1,392,086		1,392,086
2022 net loss								(6,566,297)	(6,566,297)
Balances, December 31, 2022	**3,853,797**	**$ 385**	**3,204,000**	**$ 320**	**4,550,166**	**$ 455**	**$ 21,206,738**	**$ (31,877,221)**	**$ (10,669,323)**
Stock-based compensation expense							504,825		504,825
YTD Q2 2023 net loss								(3,267,015)	(3,267,015)
Balances, June 30, 2023	**3,853,797**	**$ 385**	**3,204,000**	**$ 320**	**4,550,166**	**$ 455**	**$ 21,711,563**	**$ (35,144,236)**	**$ (13,431,513)**
Issuance of preferred shares in exchange for service at $2.50 per share							16,000		16,000
Stock-based compensation expense							367,807		367,807
YTD Q3 2023 net loss								(1,690,632)	(1,690,632)
Balances, September 30, 2023	**3,853,797**	**$ 385**	**3,204,000**	**$ 320**	**4,550,166**	**$ 455**	**$ 22,095,370**	**$ (36,834,868)**	**$ (14,738,338)**

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

ONEMEDNET CORPORATION
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2023	Yearend December 31, 2022
Cash flow from Operating Activities		
Net Loss	$ (4,957,647)	$ (4,057,060)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	19,529	16,256
Stock-based compensation expense	888,632	52,754
Changes in assets and liabilities:		
Accounts Receivable	(67,417)	(88,645)
Other current assets	(1,146,266)	(66,254)
Accounts payable & accrued expenses	340,525	240,822
Deferred revenue	210,097	(306,886)
Net cash flows from operating activities	(4,712,547)	(4,209,013)
Cash used for Investing Activities		
Purchase of property and equipment	(28,801)	(48,766)
Cash flow from Financing Activities		
Proceeds from Canada Emergency Business Loan Act	186	(1,849)
Proceeds from Shareholders	704,000	-
Proceeds from issuance of convertible promissory note payable	4,378,124	3,872,638
Net cash flows from financing activities	5,082,310	3,870,789
Net change in cash and cash equivalents	340,963	(386,990)
Cash and Cash Equivalents, Beginning	270,859	699,320
Cash and Cash Equivalents, Ending	$ 611,822	$ 312,330

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

ONEMEDNET CORPORATION
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESSNOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Organization and description of business

OneMedNet Corporation (the "Company") is a healthcare software company with solutions focused on digital medical image management, exchange, and sharing. The Company was founded in Delaware corporation (the "Company," "we," "us," or "OneMedNet") together with its wholly-owned subsidiary, OneMedNet Solutions Corporation, a Delaware corporation ("OneMedNet Solutions") on November 20, 2015. The Company has been solely focused on creating solutions that simplify digital medical image management, exchange, and its sharing. The Company has one wholly-owned subsidiary, OneMedNet Technologies (Canada) Inc., incorporated on October 16, 2015 under the provisions of the Business Corporations Act of British Columbia whose functional currency is the Canadian dollar, dollar. The Company's headquarters location is an expert in clinical imaging innovation solutions that connects healthcare providers and patients and satisfies a crucial need with the life sciences. It offers direct access to clinical images and associated contextual patient record. OneMedNet proved the commercial and regulatory viability of imaging Regulatory Grade Real-World Data ("iRWD™"), a promising emerging market, that exactly matches OneMedNet's life science partners' case selection protocol. All refences in this report on Form 10-Q to the "Company," "we," "us," or "OneMedNet" include OneMedNet, OneMedNet Solutions and OneMedNet Technologies (Canada) Inc.
*Data Knights Acquisition Corp Merger*Eden Prairie, Minnesota.

On November 7, 2023, we consummated a merger (the "Merger") following the approval at the special meeting of the shareholders of Data Knights Acquisition Corp., a Delaware corporation held on October 17, 2023 (the "Special Meeting"), Data Knights Merger Sub, Inc., ("Merger Sub") a Delaware corporation ("Merger Sub") and a wholly-owned wholly owned subsidiary of Data Knights Acquisition Corp. ("Data Knights"), a Delaware corporation, ("Data Knights"), consummated a merger (the "Merger") merged with and into OneMedNet Solutions Corporation (formerly named OneMedNet Corporation), a Delaware corporation ("OneMedNet") pursuant to an agreement and plan of merger, dated as of April 25, 2022 (the "Merger Agreement" Legacy ONMD"), by and among Data Knights, Merger Sub, OneMedNet, Data Knights, LLC, with Legacy ONMD surviving as a Delaware limited liability company ("Sponsor" or "Purchaser Representative") in its capacity as the representative of the stockholders wholly owned subsidiary of Data Knights and Paul Casey in his capacity as (the "Business Combination"). Following the representative consummation of the stockholders Business Combination, Data Knights was renamed to "OneMedNet Corporation."
Basis of OneMedNet ("Seller Representative"). Accordingly, the Merger Agreement was adopted, presentation and the Merger and other transactions contemplated thereby (collectively, the "Business Combination") were approved and completed. consolidation

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

On June 28, 2023, The accompanying interim unaudited condensed consolidated financial statements should be read in conjunction with the Company and Data Knights entered into a Securities Purchase Agreement (the "SPA") with certain investors (collectively referred to herein as the "Purchasers") for PIPE financing in the aggregate original principal amount of $1,595,744.70annual consolidated financial statements and the purchase price of $1.5 million. Pursuant to the Securities Purchase Agreement, Data Knights will issue and sell to each of the Purchasers, a new series of senior secured convertible related notes (the "PIPE Notes"), which are convertible into shares of Common Stock at the Purchasers election at a conversion price equal to the lower of (i) $10.00 per share, and (ii) 92.5% of the lowest volume weighted average trading price for the ten (10) Trading Days immediately preceding the Conversion Date. The Purchasers' $1.5 million investment year ended December 31, 2023 in the PIPE Notes closed and funded contemporaneous to the Closing of the Business Combination.
Effective immediately prior to the Closing, OneMedNet, Inc. issued the PIPE Notes to the Purchasers under the private offering exemptions under Securities Act of 1933, our Annual Report on Form 10-K, as amended, filed with the SEC on November 5, 2024 (the "Securities Act" "Form 10-K/A").
On November 8, 2023, the Company received from the Business Combination with Data Knights net cash of $3,481.53. The Company also assumed $21,600 in prepaid expenses, $11,200 in amount due to related parties, $3,556,278 in extension loan payable, $477,548 in working capital loan

payable,$604,849 in warrant liabilities, common stock of $484 and additional paid-in capital of $917,476. The working capital loan payable of $477,548 were issued to cover the transaction costs and will be paid within the year ending December 31, 2024.

The total funds from interim unaudited condensed consolidated financial statements include the Business Combination consolidated accounts of $3,481.53 the Company’s wholly owned subsidiary, OneMedNet Technologies (Canada) Inc. All significant intercompany transactions have been eliminated in consolidation. was available for general corporate purposes.

NOTE 2 - GOING CONCERN***Liquidity and going concern***

The Company has incurred recurring net losses since its inception, including $2.1 million and $7.8 million for the three months ended March 31, 2024 and 2023, respectively. In addition, the Company had an accumulated deficit of $93.5 million as of March 31, 2024. The Company's consolidated financial statements are prepared using U.S. GAAP applicable to a going concern, which contemplates the realization cash balance of assets and the satisfaction of liabilities in the normal course of business. $0.2The Company does million is not have adequate liquidity to fund its operations through at least twelve months from the date these condensed consolidated financial statements were available for issuance. The Company has an accumulated deficit of $36,834,868 (2022 - $31,877,221) and has had negative cash flows from operating activities for the period ended September 30, 2023 and year ended December 31, 2022. These Therefore, these conditions raise substantial doubt about the Company's ability to continue as a going concern.

To continue in existence and expand its operations, the Company will be required to, and management plans to, raise additional working capital through an equity or debt offering and ultimately hopes to attain profitable operations. If operations to fulfill its operating and capital requirements for at least 12 months from the date of the issuance of the condensed consolidated financial statements. However, the Company is may not be able to secure such financing in a timely manner or on favorable terms, if at all. Furthermore, if the Company issues equity securities to raise additional working capital, it would funds, its existing stockholders may experience dilution, and the new equity securities may have a material adverse effect on the operations rights, preferences and privileges senior to those of the Company and continuing research and development of its product.

Company's existing stockholders. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to continue receiving working capital cash payments and generating cash flow from operations.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated financial statements include the accounts of the Company and its subsidiaries.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid, short-term investments with a maturity of three months or less when purchased. Cash equivalents consist of money market funds and are carried at cost, which approximates fair value. The balances, at times, may exceed FDIC Insured limits.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. There have been no losses during the quarter ended September 30, 2023 and the year ended December 31, 2022.

Cost of Revenue

Cost of Revenue is incurred by the company as a fixed cost for payroll and hosting and as a variable cost for curation and procurement of the data.

Patents and Trademarks

Costs associated with***Risks and uncertainties***

The Company is subject to risks common to companies in the submission markets it serves, including, but not limited to, global economic and financial market conditions, fluctuations in customer demand, acceptance of a patent application are expensed as incurred given the uncertainty new products, development by its competitors of the patents resulting in probable future economic benefits to the Company new technological innovations, dependence on key personnel, and are included in research and development expenses on the consolidated statements protection of operations. proprietary technology.

Segment information

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

2. Summary of Significant Accounting Policies

Research and development expenditures were charged to operating expense Except as incurred for described below, the periods ended September 30, 2023 and December 31, 2022.

Stock-based Compensation

The accounting policies of the Company has a stock-based compensation plan, which is described in more detail are set forth in Note 8. The fair value of stock option 2 to the consolidated financial statements contained in the Form 10-K/A, and warrant grants the accounting policies followed by the Company for interim financial reporting are determined on consistent with the date of grant using the Black Scholes valuation model. Forfeitures of stock based awards are recorded as the actual forfeitures occur. Stock based compensation expense is recognized over the service period, net of estimated forfeitures, using the straight-line method. accounting policies therein.

Recent Accounting Pronouncements Treasury stock

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

Emerging growth company status

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

Accounting pronouncements not yet adopted

In June 2016, December 2023, the FASB issued ASU 2016-13, Measurement No. 2023-09, *Improvements to Income Tax Disclosures (Topic 740)* (“ASU 2023-09”). ASU 2023-09 requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as additional information on income taxes paid. ASU 2023-09 is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of Credit Losses on Financial Instruments. This guidance introduces adopting ASU 2023-09.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which is intended to provide enhancements to segment disclosures, even for entities with only one reportable segment. In particular, the standard will require disclosures of significant segment expenses regularly provided to the chief operating decision maker and included within each reported measure of segment profit and loss. The standard will also require disclosure of all other segment items by reportable segment and a new model for recognizing credit losses on financial instruments based on description of its composition. Finally, the standard will require disclosure of the title and position of the chief operating decision maker and an estimate explanation of current expected credit losses. how the chief operating decision maker uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The ASU also provides updated guidance regarding the impairment of available-for-sale debt securities and includes additional disclosure requirements. The new guidance standard is effective for fiscal annual periods beginning after December 15, 2022 December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently assessing evaluating the effect that ASU No. 2016- 13 will have impact of the standard on the presentation of its consolidated financial statements and footnotes.

Recently adopted accounting pronouncements

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

opted to adopt this guidance early on January 1, 2024. The Company's adoption of ASU 2023-08 had no impact on the condensed consolidated financial statements as of and for the three months ended March 31, 2024.

3. Convertible Debt

Convertible Promissory Notes

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

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

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

PIPE Notes

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

The Company has issued convertible promissory notes with related party investors. In order to simplify, and provide less confusion, on elected the FVO of accounting for debt with conversion options, FASB release ASU 2020-06 in August 2020. ASU 2020-06 simplifies the accounting for convertible instruments. its PIPE Notes. The embedded conversion features are no longer separated from the debt with conversion features that are not required to be accounted for as derivatives under or that do not result in substantial premiums accounted for as paid-in capital. Consequently, a convertible debt instrument will be accounted for estimated fair value adjustment is presented as a single liability measured at its amortized cost line item within other (income) expenses, net in the accompanying condensed consolidated statements of operations under the caption change in fair value of PIPE Notes. As of March 31, 2024 and therefore will be accounted for as a single equity instrument measured at its historical cost. The Company has early adopted ASU 2020-06 and therefore a derivative liability has not been recorded. December 31, 2023, the fair value of the PIPE Notes was $1.6 million, which is included in current liabilities on the condensed consolidated balance sheets.

Property and Equipment*Shareholder Loans*

Property and equipment are summarized In January 2024, the Company received gross proceeds of $1.0 million in connection with a shareholder loan with a related party investor which is convertible into 1,327,070 shares of Common Stock at a conversion price of $0.7535 per share. The balance of $1.0 million is included in loan, related party on the condensed consolidated balance sheet as follows:

	2023		2022	
Computers	$	288,007	$	25
Furniture and equipment		3,785		
Total Property and Equipment		291,792		26
Less: accumulated depreciation		(199,424)		(17
Net Property and Equipment	$	92,368	$	8

Depreciation and amortization expense was $19,529 for the period ended September 30, 2023 and $24,807 for the year ended December 31, 2022 of March 31, 2024.

Helena Notes

On March 28, 2024, the Company entered into a definitive securities purchase agreement (the "Helena SPA") with Helena Global Investment Opportunities 1 Ltd. ("Helena"), an affiliate of Helena Partners Inc., a Cayman-Islands based advisor and investor providing for up to $4.5 million in funding through a private placement for the issuance of senior secured convertible notes and warrants across multiple tranches. The Helena SPA was subsequently terminated in June 2024 prior to the closing of any tranches (the "Helena Termination Agreement"). As such, the Helena SPA had no impact on the Company's condensed consolidated financial statements as of and for the period ended March 31, 2024.

Pursuant to the Helena Termination Agreement, the Company issued to Helena a warrant to purchase 50,000 shares of Common Stock at an exercise price of $1.20 per share and agreed to reimburse Helena for certain reasonable and documented out-of-pocket legal fees and expenses incurred in connection with entry into the Helena SPA and Helena Termination Agreement and related documents.

4. Line of Credit

In March 2024, the Company obtained a line of credit of $1.0 million with BOC Bank to support short-term working capital needs, of which $0.4 million was drawn and remains outstanding as of March 31, 2024. The line of credit bears an interest rate of 5.0% and matures in 120 days. In July 2024, the maturity date was extended an additional 120 days, to November 2, 2024. The outstanding balance was repaid in full on July 30, 2024, and the line of credit was terminated at maturity in November 2024.

5. Canadian Emergency Business Loan Act (CEBA) (“CEBA”)

During December 2020, the Company applied for and received a $44,330 60 USD thousand CAD ($40 thousand USD) equivalent CEBA loan. The loan was provided by the Government of Canada to provide capital to organizations to see them through the current challenges related to the COVID-19 pandemic and better position them to return to providing services and creating employment. The loan is unsecured. The loan is was interest free to through December 31, 2023. If the loan is was paid back by December 31, 2023 January 18, 2024, $14,776 15 thousand of the loan will be would have been forgiven. If the loan is was not paid back by December 31, 2023 January 18, 2024, the full $44,330 40 thousand loan will be would have been converted to a loan repayable over three years with a 5% interest rate. The loan was paid back prior to January 18, 2024, and the Company recognized a gain on extinguishment of $15 thousand, which is presented in other income (expense) in the condensed consolidated statement of operations for the three months ended March 31, 2024.

6. Stockholders’ Deficit

Common Stock

In connection with the Business Combination, Data Knights entered into an agreement with their underwriters (“EF Hutton”) whereby EF Hutton agreed to waive the related merger underwriting fees that were payable at closing ($4.0 million) in exchange for allocated payments as follows: (i) $0.5 million in cash at closing; (ii) a $0.5 million promissory note that matured on March 1, 2024; and (iii) a transfer of 277,778 shares of Common Stock, which were valued at the closing stock price of $10.89 per share on June 28, 2023. If, five trading days prior to the six-month anniversary, the aggregate VWAP value of the 277,778 shares of Common Stock was lower than the original share value of $3.0 million, the Company was obligated to compensate EF Hutton at a new share price equal to the difference in amount on such date. Due to the decrease in share value on the six-month anniversary, the Company was required to either pay to EF Hutton an additional $2.8 million or issue to EF Hutton an additional 3,175,000 shares of Common Stock. In January 2024, the Company issued the original 277,778 shares of Common Stock as consideration for $0.2 million owed by the Company. As of March 31, 2024, the Company was obligated to pay to EF Hutton the true-up of either $2.8 million or 3,175,000 shares of Common Stock valued at $0.88 per share, plus the $0.5 million promissory note. Upon the occurrence of an event of default, the promissory note bears interest at a rate of 12.5% until such event of default is cured. The promissory note remained unpaid upon maturity on March 1, 2024, and the Company recorded interest expense of $25 thousand during the three months ended March 31, 2024, because of the event of default. In August 2024, the Company made a promissory note payment of $0.1 million.

In February 2024, the Company entered into a stock repurchase agreement with a former holder of Convertible Promissory Notes pursuant to which the Company repurchased 187,745 shares of Common Stock in exchange for cash of $0.5 million that is payable in installments. The Company accounted for made payments of $0.1 million in July and October 2024 and the loan as debt remaining $0.3 million is expected to be repaid in accordance with FASB Accounting Standards Codification 470 Debt early 2025. The $0.5 million represents the principal and accrued interest outstanding on the holder’s Convertible Promissory Note immediately prior to the Business Combination. The $0.5 million outstanding at March 31, 2024 is classified in accordance accounts payable and accrued expenses on the condensed consolidated balance sheet. The 187,745 repurchased shares were reclassified to treasury stock as of March 31, 2024.

Preferred Stock

As of March 31, 2024, no shares of Preferred Stock were issued or outstanding. All shares of Legacy ONMD Series A-2 Preferred Stock and Series A-1 Preferred Stock were converted into Common Stock in connection with the interest method under FASB ASC 835-30. Full or partial loan forgiveness with legal release reduces Business Combination. See the liability by Form 10-K/A for all other details relating to the amount forgiven Series A-2 Preferred Stock and record a gain on extinguishment in the statement of operations. Series A-1 Preferred Stock issued prior to December 31, 2023.

7. Shareholder Loan Net Loss Per Share

For the three months ended March 31, 2024 and 2023, the weighted-average number of shares of Common Stock outstanding used to calculate both basic and diluted net loss per share is the same. In computing diluted net loss per share for the three months ended March 31, 2024 and 2023, the Company excluded the following potentially dilutive securities, as the effect would be anti-dilutive and reduce the net loss per share calculated for each period:

	Three Months Ended March 31,	
	2024	**2023**
Options to purchase Common Stock	147,000	913,856
Unvested restricted stock units and awards	1,708,023	177,275
Warrants for Common Stock	12,181,019	2,748,750
Series A-1 preferred stock	-	2,839,957
Series A-2 preferred stock	-	3,415,923
Convertible promissory notes	-	4,220,710
Total	14,036,042	14,316,471

8. Stock Based Compensation

During The Company recorded stock-based compensation expense in the second quarter following categories on the accompanying condensed consolidated statements of 2023 related parties funded an additional $704,000, these loans are not tied to convertible note agreements and are non-interest bearing. operations for the periods presented (in thousands):

The Series A-2 preferred stock includes a $0.15 per share annual noncumulative dividend when and if declared by the board of directors. No dividends have been declared as of September 30, 2023 and December 31, 2022. The Series A-2 preferred stock also includes a liquidation preference of 1.25 times the original issue price plus any declared but unpaid dividends upon the liquidation, dissolution, merger or sale of substantially all the assets of the Company and have a preference upon liquidation over Series A-1 preferred stock and common stock.

	Three Months Ended March 31,	
	2024	**2023**
Cost of revenue	$ 4	$ -
General and administrative	127	116
Sales and marketing	2	-
Research and development	4	252
Total stock-based compensation expense	$ 137	$ 368

Each share of Series A-2 preferred stock may be converted into equal shares of common stock at

Equity incentive plan – summary

During 2023, the option of Company adopted the holder at any time. In addition, the Series A-2 preferred stock shares are automatically convertible into common shares upon the sale OneMedNet Corporation 2022 Equity Incentive Plan (the "2022 Plan") and reserved an amount of shares of common stockCommon Stock equal to the public at the then applicable conversion price in a firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act 10% of 1933, as amended, resulting in at least $20 million in proceeds, net of underwriting discounts and commissions. Each share of Series A-2 preferred stock has voting rights equal to the number of shares of common Common Stock of the Company following the Business Combination for issuance thereunder. The 2022 Plan became effective immediately upon the closing of the Business Combination and replaced the Legacy ONMD equity incentive plan.

Equity incentive plan – stock then issuable upon conversion options

For the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense of such share $34 thousand and $132 thousand, respectively, on its outstanding stock options.

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

For the three months ended March 31, 2024 and 2023, the Company recorded stock-based compensation expense of preferred stock. $103 thousand and $236 thousand, respectively, on its outstanding restricted stock units.

9. Stock Warrants

The Company is obligated to redeem shares of Series A-2 Preferred Stock in has the occurrence of a Deemed Liquidation Event unless a majority of following warrants outstanding for the holders of Series A-2 Preferred Stock and a majority of the Series A-1 Preferred Stock consent otherwise. periods presented:

The Series A-1 preferred stock includes a $0.15 per share annual noncumulative dividend when and if declared by the board Schedule of directors. No Warrants Outstanding dividends have been declared as of June 30, 2023 and December 31, 2022. The Series A-1 preferred stock also includes a liquidation preference of 1.25 times the original issue price plus any declared but unpaid dividends upon the liquidation, dissolution, merger or sale of substantially all the assets of the Company and have a preference upon liquidation over common stock.

Each share of Series A-1 preferred stock may be converted into equal shares of common stock at the option of the holder at any time. In addition, the Series A-1 preferred stock shares are automatically convertible into common shares upon the sale of shares of common stock to the public at the then applicable conversion price in a firm commitment underwritten public offering pursuant to an effective
registration statement under the Securities Act of 1933, as amended, resulting in at least $20 million in proceeds, net of underwriting discounts and commissions. Each share of Series A-1 preferred stock has voting rights equal to the number of shares of common stock then issuable upon conversion of such share of preferred stock.

The Company is obligated to redeem shares of Series A-1 Preferred Stock in the occurrence of a Deemed Liquidation Event unless a majority of the holders of Series A-1 Preferred Stock consent otherwise.

Common Stock

In 2023, in connection with services performed by the Board of Directors, common shares of 100,000 were issued at $1.00 per share. These were expensed as general and administrative expenses in the statement of operations.

	As of	
	March 31, 2024	**December 31, 2023**
Liability Classified Warrants		
Private Placement Warrants	585,275	585,275
PIPE Warrants	95,744	95,744
Subtotal	681,019	681,019
Equity Classified Warrants		
Public Warrants	11,500,000	11,500,000
Subtotal	11,500,000	11,500,000
Grand Total	12,181,019	12,181,019

Stock Options

Convertible Promissory Notes Warrants

During 2020, the Company adopted a new equity incentive plan (the Plan), which provides for the granting of incentive and nonqualified stock options to employees, directors, and consultants. As of December 31, 2020, the Company has reserved 3,000,000 shares of common stock under the Plan. The Company believes that such awards better align the interests of its employees with those of its stockholders. Option awards are generally granted with an exercise price equal to the fair market value of the Company's stock at the date of grant; those option awards generally vest with a range of one to four years of continuous service and have ten-year contractual terms. As there is no public data available for the share price valuation, the Company considers the Fair Market Value of $1 to be on the conservative side and similar to the exercise price. Certain option awards provide for accelerated vesting if there is a change in control, as defined in the Plan. The Plan also permits the granting of restricted stock and other stock-based awards. Unexercised options are cancelled upon termination of employment and become available under the Plan.

Information with respect to options outstanding is summarized as follows:

	Options Outstanding	Weighted-Average Exercise Price		Aggregate Intrinsic Value	
Outstanding as of December 31, 2022	1,031,000	$	1.00	$	1,031,000
Cancelled	(168,740)				
Outstanding as of September 30, 2023	862,260	$	1.00	$	862,260
Options exercisable as of September 30, 2023	739,424	$	1.00	$	739,424

As of September 30, 2023 and December 31, 2022, there were 862,260 and 1,031,000 common stock options outstanding respectively, with a weighted average remaining contractual life of 5.32 and 7.11 years, respectively.

As described in Note 3, the Company issued Convertible Promissory Notes Warrants in 2022 and 2023. The Convertible Promissory Notes Warrants are classified as equity in accordance with ASC subtopic 815-40, *Derivatives and Hedging - Contracts in Entity's Own Equity* ("ASC 815-40"). The Company determined that the fair value of September 30, 2023 and December 31, 2022 the combined instrument (inclusive of the Convertible Promissory Notes) significantly exceeds the proceeds received; therefore, the Company concluded that the Convertible Promissory Notes Warrants are most accurately portrayed as an issuance cost related to the Convertible Promissory Notes. This resulted in an expense of $1.9 million being allocated to the Convertible Promissory Notes Warrants during the three months ended March 31, 2023, there were 739,424 and 567,581 common which is classified as stock options exercisable at a weighted average remaining contractual life warrant expense in the condensed consolidated statements of 4.89 and 5.56 years, respectively. operations.

Black Scholes Assumptions

The determination In connection with the closing of the fair value Business Combination on November 7, 2023, all Convertible Promissory Notes Warrants were cashless exercised into shares of Legacy ONMD common stock options using an option valuation model is affected by the Company's stock price valuation, as well as assumptions regarding a number of complex and subjective variables. The volatility assumption is exchanged based on volatilities the appropriate conversion ratio for the Common Stock less an exercise price of similar companies over a period of time equal $1.00. See the Form 10-K/A for all other details relating to the expected term of the stock options. The volatilities of similar companies are used in conjunction with the Company's historical volatility because of the lack of sufficient relevant history for the Company's Convertible Promissory Notes Warrants issued prior to December 31, 2023.

common stock equal to***PIPE Warrants***

In conjunction with the expected term. The expected term issuance of the employee stock options represents the weighted average period for which the stock options are expected PIPE Notes described in Note 3, Data Knights also issued and sold to remain outstanding. The expected term assumption is estimated based primarily on the options' vesting terms and remaining contractual life and employees' expected exercise and post-vesting employment termination behavior. The risk-free rate for periods within the contractual life each of the option is based Purchasers 95,745 warrants to purchase Common Stock at an exercise price of $10.00 per share (the "PIPE Warrants"). The PIPE Warrants are classified as liabilities because they did not meet the criteria for equity treatment under ASC 815-40. During the three months ended March 31, 2024, the Company recognized a change in fair value of PIPE Warrants of $(12) thousand.

Private Placement Warrants

In connection with the closing of the Business Combination on November 7, 2023, the U.S. Treasury yield curve Company assumed 585,275 private warrants to purchase Common Stock at an exercise price of $11.50 per share (the "Private Placement Warrants"). The Private Placement Warrants are classified as liabilities because they did not meet the criteria for equity treatment under ASC 815-40. During the three months ended March 31, 2024, the Company recognized a change in effect at the time fair value of grant. The dividend yield assumption is based on the expectation Private Placement Warrants of no future dividend payouts by the Company. $5 thousand.

10. Fair Value Measurements

The following table presents the Company's assets and liabilities that are measured at fair value on a recurring basis, inclusive of the Company's stock options was estimated assuming no expected dividends and the following weighted average assumptions: related party (in thousands):

SCHEDULE OF FAIR VALUE OF STOCK OPTIONS

	2022	2011
Expected life in years	5.89	6.08
Risk-free interest rate	0.55 %	0.49 %
Expected dividend yield	0.00 %	0.00 %
Expected volatility	32 %	60 %

	March 31, 2024			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Private Warrants	$ -	$ -	$ 14	$ 14
PIPE Warrants	-	-	2	2
PIPE Notes	-	-	1,617	1,617
Total liabilities, at fair value	$ -	$ -	$ 1,633	$ 1,633

The total expense recognized for share-based payments was $20,132 for the period ending September 30, 2023 and $45,584 for the year ended December 31, 2022. These costs are included in the statements of operations. As of September 30, 2023 there was $8,591 and as of December 31, 2022, there was $75,987 of unrecognized compensation costs related to stock option grants which will be recognized over the next two years.

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

Stock The following table presents the changes in the Private Warrants, PIPE Notes and PIPE Warrants measured at fair value for the three months ended March 31, 2024 (in thousands):

Level 3 Rollforward:	**Private Warrants**	**PIPE Notes**	**PIPE Warrants**
Balance, December 31, 2023	9	1,637	14
Changes in fair value	5	(20)	(12)
Balance, March 31, 2024	$ 14	$ 1,617	$ 2

Private Placement Warrants and PIPE Warrants

In 2021, there were

174,102 The aggregate fair value of the Private Placement Warrants and PIPE Warrants was $17 outstanding common stock warrants issued for service at a weighted average exercise price of thousand and $0.1024. The weighted average remaining contractual life was 3.71 years thousand as of September 30, 2023 March 31, 2024 and December 31, 2023, respectively. The Company remeasured the fair value of the Private Placement Warrants and PIPE Warrants at March 31, 2024 using the Black-Scholes option-pricing model with the following assumptions:

	As of March 31, 2024	
	PIPE Warrants	**Private Warrants**
Stock price	$ 0.71	$ 0.71
Exercise price	$ 10.00	$ 11.50
Expected volatility	59.9 %	59.9 %
Weighted average risk-free rate	4.2 %	4.3 %
Expected dividend yield	-	-
Expected term (in years)	4.6	4.6

PIPE Notes

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

The fair value of the PIPE Notes was $1.6 million as of March 31, 2024 and December 31, 2023.

11. Related Party Transactions

PIPE Notes and Warrants

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

In 2022 for connection with the exercise price issuance of $1.00, the company PIPE Notes, the Company also issued a total of 145,746 95,744 warrants for 2021 service and shares of PIPE Warrants, of which 294,000 63,829 warrants for 2022 service, 2,056,000 in warrants shares were issued attached to convertible notes. The weighted average remaining contractual life of the warrants issued in 2022 is 3.80 years. same related party investors.

For the period ending September 30 2023, the company issued 1,550,000 warrants attached to convertible notes. The weighted average remaining contractual life of these warrants is 4.74 years.***Convertible Promissory Notes and Warrants***

All warrants vested immediately upon grant issuance. The As described in Note 3, the Company expensed issued various Convertible Promissory Notes to related party investors. Total gross proceeds raised from Convertible Promissory Notes with related parties was $852,500 12.3 for the period ended September 30, 2023 and million (out of $1,346,288 14.2 in Fiscal 2022 in relation to million total). In connection with the issuance of the Warrants. Convertible Promissory Notes, the Company also issued Convertible Promissory Notes Warrants to purchase 2,976,000

	Options Outstanding	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**
Outstanding as of December 31, 2022	2,669,848	$ 0.94	$ 2,513,156
Issued	1,550,000		
Outstanding as of September 30, 2023	4,219,848	$ 0.96	$ 4,063,156

Warrants exercisable as of September 30, 2023	4,219,848	$	0.96	$	4,063,156

Shareholder Loans

In addition to the convertible shareholder loans described in Note 3, the Company also received gross proceeds of $0.3 million in connection with non-convertible shareholder loans with related party investors during the three months ended March 31, 2024. These loans bear an interest rate of 8.0% with a maturity date one year from issuance. The following table summarizes shareholder loans outstanding for the periods presented (in thousands):

	As of	
	March 31, 2024	**December 31, 2023**
Shareholder loans – nonconvertible	$ 754	$ 454
Shareholder loans – convertible	1,000	-
Accrued interest	23	11
Total shareholder loans	$ 1,777	$ 465

Loan Extensions

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

12. Commitments Contingencies, and Concentrations Operating lease Contingencies

Lease Agreement

The Company has a month-to-month lease for a suite its headquarters space at a cost of $575 530 per month. The Company incurred $2 thousand of rent expense, including common tenant costs and cancellation costs, during the three months ended March 31, 2024 and 2023, respectively.

Litigation

From time to time, the Company may become involved in legal proceedings arising in the ordinary course of business. Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recognized, if and when it is probable that a liability has been incurred and the amount can be reasonably estimated. The Company was not subject to any material legal proceedings during the three months ended March 31, 2024 and 2023.

13. Subsequent Events

The Company incurred $5,666has evaluated subsequent events occurring through December 5, 2024, the date the condensed consolidated financial statements were issued, for events requiring recording or disclosure in the period ended September 30, 2023 and $7,694 for the year ended December 31, 2022 of rent expense. Company's condensed consolidated financial statements.

Receivable from SPAC for IPO Related Costs

During 2022, the company entered a Business Combination Agreement with SPAC Data Knights. $2,059,975 of SPAC related expenses are on the Balance Sheet as receivable to be received at close of the merger.

NOTE 4 — ACCOUNTS RECEIVABLE, NET

Accounts receivable are unsecured, recorded at net realizable value, and do not bear interest. Accounts receivable are considered past due if not paid within the terms established between the Company and the customer. Amounts are only written off after all attempts at collections have been exhausted. The Company determines the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. As of December 31, 2022 the Company established allowances of $102,700. The net receivable balances outstanding are fully collectible.*Shareholder Loans*

NOTE 5 From April 2024, through the date of this report, the Company received gross proceeds of $— 0.7 million in connection with shareholder loans with related party investors. Of the $PROPERTY AND EQUIPMENT 0.7 million, $0.6 million is convertible into shares of Common Stock at a conversion price of $0.7535 per share. The remaining $0.1 million is not convertible into equity and bears an interest rate of 8.0% with a maturity date one year from issuance. The Company subsequently repaid $0.2 million of the non-convertible shareholder loans through the date of this report.

Property and equipment are recorded at cost. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives ranging from three to five years. Cost of maintenance and repairs are charged to expense when incurred.*Private Placements*

As described in Note 3, on June 14, 2024, the Company and Helena entered into the Helena Termination Agreement to terminate the Helena SPA and related documents. Pursuant to the Helena Termination Agreement, the Company issued to Helena a warrant to purchase 50,000 shares of Common Stock at an exercise price of $1.20 per share and agreed to reimburse Helena for certain reasonable and documented out-of-pocket legal fees and expenses incurred in connection with entry into the Helena SPA and Helena Termination Agreement and related documents. The Company incurred legal fees and expenses of $42 thousand in connection with the Helena Termination Agreement.

NOTE 6 — RELATED PARTY TRANSACTIONS
Convertible Promissory Notes held by Related Party

For the period ending September 2023, On July 23, 2024 and July 25, 2024, the Company entered into various Convertible Promissory Notes (“Note” securities purchase agreements (the “Securities Purchase Agreements”) with related party certain institutional investors totaling in connection with the private placement of its Common Stock and pre-funded warrants with aggregate gross proceeds of approximately $2,100,0004.6 (2022 - million, before deducting fees and expenses payable by the Company. The Company used $4,700,0002.8) million of the net proceeds to purchase Bitcoin ($BTC). There is no guarantee on the holding period for the purchased Bitcoin. The Company intends to use the remaining net proceeds for working capital and unrelated party general corporate purposes.

Pursuant to the Securities Purchase Agreements, the Company agreed to issue and sell to the investors1,297,059 shares of its Common Stock at a price of $1,775,0001.0278 (2022 - $440,000). The Notes issued are unsecured and bear an interest rate of six percent annually from the date of issuance until the outstanding principal is paid or converted. On November 11, 2022 the Convertible note agreement was amended and restated in order to (i) provide per share, pre-funded warrants exercisable for the sale and issuance to Purchasers from the effective date of January 1, 2022 and after the date of this Agreement of up to an additional $4,000,0001,323,530 aggregate principal amount of Notes and warrants to purchase shares of the Company’s capital stock, (ii) provide for the sale and issuance to Purchasers who purchased Notes under the Prior Agreement between the Effective Date and the date of this Agreement of warrants to purchase shares of the Company’s common stock its Common Stock at an exercise price of $1.001.0278 per share; (iii) extend share, and 2,301,791 shares of its Common Stock at a price of $0.85 per share. The investors were required to prepay the maturity exercise price for the pre-funded warrants, other than $0.0001 per share. The pre-funded warrants will be exercisable at any time after the date of issuance and will not expire. The price per share of all outstanding Notes from December 31, 2022 Common Stock and pre-funded warrants sold in the private placement meets the minimum price requirement under Nasdaq Listing Rule 5635(d). The securities were issued to October 31, 2023. institutional accredited investors in a private placement pursuant to Section 4(a)(2) and Regulation D promulgated under the Securities Act.

The principal and unpaid accrued interest on each Note will convert; (i) automatically, upon the Company’s issuance of equity securities (the “Next Equity Financing”) in a single transaction, or series of related transactions, with aggregate gross proceeds to the Company of at least $5,000,000On September 24, 2024, into shares of the Company’s capital stock issued to investors in the Next Equity Financing, at a conversion price equal to the lesser of (A) a 20% discount to the lowest price per share of shares sold in the Next Equity Financing, or (B) $2.50 per share; (ii) at the noteholder’s option, in the event of a defined Corporate Transaction while such Note remains outstanding, into shares of the Company’s Series A-2 Preferred Stock at a conversion price equal to $2.50 per share; and (iii) at the noteholder’s option, on or after the Maturity Date while such Note remains outstanding, into shares of the Company’s Series A-2 Preferred Stock at a conversion price equal to $2.50 per share.

If a Corporate Transaction occurs before the repayment or conversion of the Notes, the Company will pay at the closing of the Corporate Transaction to each noteholder that elects not to convert its Notes in connection with such Corporate Transaction an amount equal to the outstanding principal amount of such noteholder’s Note plus a 20% premium. “Corporate Transaction” means (a) a sale by the Company of all or substantially all of its assets, (b) a merger of the Company with or into another entity (if after such merger the holders of a majority of the Company’s voting securities immediately prior to the transaction do not hold a majority of the voting securities of the successor entity) or (c) the transfer of more than 50% of the Company’s voting securities to a person or group.

During November 2019, the Company entered into a Convertible Promissory Note (“Note” securities purchase agreement (the “Follow-on SPA”) agreement with a related party investor. an institutional accredited investor in connection with the private placement of its Common Stock, warrants and pre-funded warrants with aggregate gross proceeds of approximately $1.7 million, before deducting fees and expenses payable by the Company. The total amount Company used $0.4million of the Note net proceeds to purchase Bitcoin ($BTC). There is $1,500,000. no guarantee on the holding period for the purchased Bitcoin. The Note is unsecured Company intends to use the remaining net proceeds for working capital and bears interest general corporate purposes.

Pursuant to the Follow-on SPA, the Company agreed to issue and sell to the investor 1,918,591 shares of its Common Stock at a rate price of four percent annually from $0.65 per share, warrants exercisable for 133,095 shares of its Common Stock at an exercise price of $0.325 per share and pre-funded warrants exercisable for 743,314 shares of its Common Stock at an exercise price of $0.65 per share. The investor was required to prepay the exercise price for the pre-funded warrants, other than $0.0001 per share. The warrants and pre-funded warrants will be exercisable at any time after the date of issuance until and will not expire. The price per share of all Common Stock and pre-funded warrants sold in the outstanding principal is paid or converted. The Note matures on January 1, 2025 private placement meets the minimum price requirement under Nasdaq Listing Rule 5635(d). The securities were issued to an institutional accredited investor in a private placement pursuant to Section 4(a)(2) and Regulation D promulgated under the Securities Act.

Standby Equity Purchase Agreement

On June 17, 2024, the Company entered into a standby equity purchase agreement (the “SEPA”) with YA II PN, LTD, a Cayman Islands exempt limited partnership managed by Yorkville Advisors Global, LP (“Yorkville”). Pursuant to the SEPA, subject to certain conditions, the Company has the option to sell to Yorkville an aggregate amount of up to $25.0 million of shares of Common Stock at the Company’s request from time to time following both the repayment of the Yorkville Promissory Note shall automatically convert into described below and the next offering effectiveness of preferred stock upon closing a resale registration statement covering the shares of such next equity financing. Common Stock issued under the SEPA. The SEPA terminates on its 24-month anniversary.

Each advance may not exceed the greater of 500,000 shares and 100% of the average daily volume traded of the Common Stock during the five trading days immediately prior to requested advance. The shares would be purchased at a price equal to 97% of the Market Price as defined in the

SEPA. The Company may establish a minimum acceptable price in each advance below which the Company will not be obligated to make any sales to Yorkville.

Any purchase under an advance would be subject to certain limitations, including that Yorkville will not purchase or acquire any shares that would result in it and its affiliates beneficially owning more than 4.99% of the then outstanding voting power or number of shares of preferred stock to be Common Stock or any shares that when aggregated with shares issued upon conversion shall be equal to the number obtained by dividing the outstanding principal and unpaid accrued interest owed on the date under all other earlier advances, would exceed 4,767,616 shares of conversion, by the conversion price. The conversion price is 100 percent Common Stock (representing 19.99% of the lowest price per share paid for the next equity preferred stock by other investors aggregate number of then outstanding shares of Common Stock) (the "Exchange Cap") unless shareholders approved issuances in the next equity financing. In the event that prior to the conversion or repayment of amounts owed, the Company completes a financing transaction in which the Company sells equity securities but such transaction does not qualify as next equity financing (i.e. an "alternative financing"), then the principal and unpaid accrued interest may (upon written election excess of the purchaser holding the Note) convert into the securities issued by the Company in the alternative financing. The number of alternative financing equity securities to be issued upon such conversion shall be equal to the number obtained by dividing the outstanding principal and unpaid accrued interest owed by an amount equal to 100 percent multiplied by the lowest price per share at which the alternative financing equity securities are sold and issued for cash in the alternative financing.

As of September 30, 2023 $13,865,000 and as of December 31, 2022 there was $9,990,000 in outstanding principal balance on the Notes, respectively, and $1,193,896 and $690,772 in accrued interest, respectively, all included in long-term liabilities on the balance sheet. There have been no payments of principal or interest to date. In connection with the $3,875,000 in convertible notes issued in 2023 (Fiscal 2022 - $5,140,000), 1,550,000 (Fiscal 2022 - 2,056,000) in warrants were issued. Exchange Cap.

NOTE 7 In connection with the execution of the SEPA, the Company paid a $— 25,000 structuring fee to Yorkville. The Company agreed to pay a commitment fee of $REVENUE RECOGNITION 0.5 million to Yorkville, which was payable in shares. In September 2024, the Company issued 526,312 shares of Common Stock to Yorkville to settle the commitment fee.

Revenue from all customers Additionally, Yorkville agreed to advance to the Company, in exchange for a convertible promissory note (the "Yorkville Promissory Note"), a principal amount of $1.5 million, which was funded on June 18, 2024. The Yorkville Promissory Note is recognized when due on June 18, 2025, and interest accrues at an annual rate equal to 0%, subject to an increase to 18% upon an event of default as described in the Yorkville Promissory Note. The Yorkville Promissory Note will be convertible by Yorkville into shares of Common Stock at an aggregate purchase price based on a performance obligation price per share equal to the lower of (a) $1.3408 per share (subject to downward reset upon the filing of the resale registration statement described below) or (b) 90% of the lowest daily volume weighted average price ("VWAP") of the Common Stock on Nasdaq during the seven trading days immediately prior to each conversion (the "Variable Price"), but which Variable Price may not be lower than the Floor Price then in effect. The "Floor Price" is satisfied by transferring control of a distinct good or service $0.28 per share, subject to a customer. A performance obligation is a promise the Company's option to reduce the Floor Price to any amount set forth in a contract written notice to transfer a distinct good or service Yorkville. While the Yorkville Promissory Note is outstanding, Yorkville may initiate an investor advance under the SEPA at the Yorkville Promissory Note conversion price, the proceeds of which would be used to repay the customer and is the unit of account under topic 606. A contract's transaction price is allocated to each distinct performance obligation in proportion to the standalone selling price for each and recognized as revenue when, or as, the performance obligation is satisfied. Yorkville Promissory Note.

The steps Yorkville Promissory Note may be accelerated by Yorkville upon specified events of default, and may become amortizable for cash if (i) the company uses to determine revenue recognition are as follows: identification daily VWAP is less than the Floor Price for five trading days during a period of seven consecutive trading days, (ii) the Company has issued in excess of 95% of the contract with a customer, identification shares of Common Stock available under the performance obligations, determining the transaction price, allocation of the transaction price to the performance obligation and recognition of revenue when Exchange Cap or (iii) the Company satisfies is in material breach of its obligations under a registration rights agreement it entered into with Yorkville in connection with the performance obligation. SEPA or Yorkville becomes limited in its ability to freely resell shares subject to an advance as further described in the Yorkville Promissory Note, subject to de-amortization after certain cures.

Individual promised goods *Yorkville Letter*

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

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

Executive Turnover

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

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

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

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

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

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

Company Overview

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

Business Combination

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

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

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

Key Components of Consolidated Statements of Operations
Revenue

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

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

NOTE 8 — INCOME TAXES*Cost of Revenue*
Our cost of revenue is composed of our distinct performance obligations of hosting, labor, and data cost.
General and Administrative
Deferred tax assets
General and administrative functions include finance, legal, human resources, operations, and information technology support. These functions include costs for items such as salaries and benefits and other personnel-related costs, maintenance and supplies, professional fees for external legal, accounting, and other consulting services, and depreciation expense.
Research and Development
Costs incurred in the research and development of our products are expensed as incurred. Research and development costs include personnel, contracted services, materials, and indirect costs involved in the design and development of new products and services, as well as hosting expense.
Sales and Marketing
Our sales and marketing costs consist of labor and tradeshow costs.
Interest Expense
Interest expense consists of interest incurred on shareholder loans.
Other (Income) Expenses, Net
Other (income) expenses, net, primarily includes the changes in fair value of convertible debt and change in fair value of PIPE Notes for which we have elected the fair value option of accounting. Convertible notes payable, which include convertible promissory notes and PIPE Notes issued to related parties, including accrued interest and contingently issuable warrants, contain embedded derivatives, including settlement of the contingent conversion features, which require bifurcation and separate accounting. Accordingly, we have elected to measure the entire contingently convertible debt instruments, including accrued interest, at fair value. These debt instruments were initially recorded at fair value as liabilities and are recognized for the expected future tax consequences of temporary differences between the financial statement carrying amount and the tax basis of assets and liabilities. The Company provides for deferred taxes subsequently re-measured at fair value on our condensed consolidated balance sheet at the enacted tax rate that is expected end of each reporting period and at settlement, as applicable. Other income or expenses, net, also includes changes in fair value of loan extensions, deferred underwriting fees and warrants which are treated as liability instruments measured at fair value for accounting purposes, initially recorded at fair value and subsequently re-measured to apply when fair value on our condensed consolidated balance sheets at the temporary differences reverse. end of each reporting period. The Company has changes in the fair value of these debt and liability instruments are recorded in changes in fair value, included as a full valuation allowance against component of other (income) expenses, net, in the net deferred tax asset due condensed consolidated statements of operations.
At the closing of the Business Combination, convertible promissory notes were converted into Common Stock immediately prior to the uncertainty Closing and were no longer outstanding as of realizing the related benefits. closing date.
The Company has generated both federal Other (income) expenses, net, also includes foreign exchange and state net operating losses (NOL) of approximately $21 million tax expenses related to the Company's operations and $23 million, respectively, which if not used, will begin to expire in 2030. The Company believes that its ability to fully utilize the existing NOL carryforwards could be restricted on a portion revenue outside of the NOL by changes in control that may have occurred or may occur in the future and by its ability to generate net income. The Company has not yet conducted a formal study of whether, or to what extent, past changes in control of the Company impairs its NOL carryforwards because such NOL carryforwards cannot be utilized until the Company achieves profitability. United States.

Components of deferred income taxes are as follows as of December 31:

SCHEDULE OF DEFERRED INCOME TAXES

	2022	2021
Deferred Tax Assets		
Net operating loss carry forward	$ 6,973,587	$ 5,604,237
Stock Compensation	481,144	467,925
Other	53,268	51,617
Gross deferred tax assets	7,507,999	6,123,778
Less valuation allowance	(7,507,999)	(6,123,778)
Net deferred tax assets	$ -	$ -

The change in the valuation allowance was $1,384,220 and $764,878 for the years ended December 31, 2022 and 2021, respectively.

The effective tax rate for the years ended December 31, 2022 and 2021 differs from the federal and state statutory rates due to the full valuation allowance.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statement is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The tax years from inception through December 31, 2022 remain subject to examination by all major taxing authorities due to the net operating loss carryovers. The Company is not currently under examination by any taxing jurisdiction. The Company did not incur any interest or penalties during the years ended December 31, 2022 or 2021.

NOTE 9 — SHAREHOLDERS' DEFICIT

The Company is authorized to issue 100,000,000 shares of common stock, par value of $0.0001 per share ("Common Stock"), and 1,000,000 shares of undesignated preferred stock, par value of $0.0001 per share. Before the Business Combination, the Company was authorized to issue 200,000,000 shares of common stock, par value of $0.0001 per share, and 20,000,000 shares of preferred shares, par value of $0.0001 per share.

Business combination with Data Knights Acquisition Corp.

On November 7, 2023, the Company consummated the Merger with Data Knights and issued an aggregate of 20,000,000 shares of its common stock to the former shareholders of OneMedNet Corporation. On June 28, 2023, the Company and Data Knights entered into a Securities Purchase Agreement (the "SPA") with certain investors (collectively referred to herein as the "Purchasers") for PIPE financing in the aggregate original principal amount of $1,595,744.70 and the purchase price of $1.5 million. Pursuant to the Securities Purchase Agreement, Data Knights will issue and sell to each of the Purchasers, a new series of senior secured convertible notes (the "PIPE Notes"), which are convertible into shares of Common Stock at the Purchasers election at a conversion price equal to the lower of (i) $10.00 per share, and (ii) 92.5% of the lowest volume weighted average trading price for the ten (10) Trading Days immediately preceding the Conversion Date. The Purchasers' $1.5 million investment in the PIPE Notes closed and funded contemporaneous to the Closing of the Business Combination.

NOTE 10 — SUBSEQUENT EVENTS

The Company has evaluated subsequent events occurring through October 23, 2023, the date the financial statements were available for issuance, for events requiring recording or disclosure in the Company's financial statements.

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

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with our audited financial statements and the notes related thereto which are included in "Item 1. Financial Statements and Supplementary Data" of this Quarterly Report on Form 10-Q. Certain information contained in the discussion and analysis set forth below includes forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth under "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q and "Item 1A. Risk Factors" in our Annual Report on Form 10-K ("Annual Report") filed with the Securities and Exchange Commission ("Commission") on September 30, 2023.

Overview

OneMedNet Corporation, a Delaware corporation (the "Company," "we," "us," or "OneMedNet") together with its wholly-owned subsidiary, OneMedNet Solutions Corporation, a Delaware corporation ("OneMedNet Solutions") and its wholly-owned subsidiary, OneMedNet Technologies (Canada) Inc., incorporated on October 16, 2015 under the provisions of the Business Corporations Act of British Columbia whose functional currency is the Canadian dollar, is an expert in clinical imaging innovation solutions that connects healthcare providers and patients and satisfies a crucial need with the life sciences. It offers direct access to clinical images and associated contextual patient record. OneMedNet proved the commercial and regulatory viability of imaging Regulatory Grade Real-World Data ("iRWD™"), a promising emerging market, that exactly matches OneMedNet's life science partners' case selection protocol. All refences in this report on Form 10-Q to the "Company," "we," "us," or "OneMedNet" include OneMedNet, OneMedNet Solutions and OneMedNet Technologies (Canada) Inc.

We were originally incorporated as a Delaware corporation on February 8, 2021 under the name "Data Knights Acquisition Corp" as a special purpose acquisition company, formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. On May 11, 2021, we consummated an initial public offering. On November 7, 2023, we consummated a merger (the "Merger") following the approval at the special meeting of the shareholders of Data Knights Acquisition Corp., a Delaware corporation held on October 17, 2023 (the "Special Meeting"), Data Knights Merger Sub, Inc., a Delaware corporation ("Merger Sub") and a wholly-owned subsidiary of Data Knights Acquisition Corp., a Delaware corporation ("Data Knights"), consummated a merger (the "Merger") with and into OneMedNet Solutions Corporation (formerly named OneMedNet Corporation), a Delaware corporation ("OneMedNet") pursuant to an agreement and plan of merger, dated as of April 25, 2022 (the "Merger Agreement"), by and among Data Knights, Merger Sub, OneMedNet, Data Knights, LLC, a Delaware limited liability company ("Sponsor" or "Purchaser Representative") in its capacity as the representative of the stockholders of Data Knights, and Paul Casey in his capacity as the representative of the stockholders of OneMedNet ("Seller Representative"). Accordingly, the Merger Agreement was adopted, and the Merger and other transactions contemplated thereby (collectively, the "Business Combination") were approved and completed.

The Business Combination was accounted for as a as a reverse recapitalization with OneMedNet as the accounting acquirer under the accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, the financial statements of the combined company represent a continuation of the financial statements of OneMedNet.

On June 28, 2023, the Company and Data Knights entered into a Securities Purchase Agreement (the "SPA") with certain investors (collectively referred to herein as the "Purchasers") for PIPE financing in the aggregate original principal amount of $1,595,744.70 and the purchase price of $1.5 million. Pursuant to the Securities Purchase Agreement, Data Knights will issue and sell to each of the Purchasers, a new series of senior secured convertible notes (the "PIPE Notes"), which are convertible into shares of Common Stock at the Purchasers election at a conversion price equal to the lower of (i) $10.00 per share, and (ii) 92.5% of the lowest volume weighted average trading price for the ten (10) Trading Days immediately preceding the Conversion Date. The Purchasers' $1.5 million investment in the PIPE Notes closed and funded contemporaneous to the Closing of the Business Combination.

Effective immediately prior to the Closing, OneMedNet, Inc. issued the PIPE Notes to the Purchasers under the private offering exemptions under Securities Act of 1933, as amended (the "Securities Act").

The Business Combination occurred after the period for which the financial information herein is presented. The financial information included in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" reflects the historical operations of the Company prior to the Business Combination and the combined operations after the Business Combination, unless otherwise noted.

Business Overview

OneMedNet is a global provider of clinical imaging innovation and curator of regulatory-grade Imaging Real-World Data3 or iRWD™. OneMedNet's innovative solutions connect healthcare providers and patients satisfying a crucial need within the Life Sciences field offering direct access to clinical images and the associated contextual patient record. OneMedNet's innovative technology proved the commercial and regulatory viability of imaging Real-World Data, an emerging market, and provides regulatory-grade image-centric iRWD™ that exactly matches OMN's Life Science partners Case Selection Protocols and paves the way for Real World Evidence.

OneMedNet was founded in 2006 to solve a deficiency in how clinical images were shared between healthcare providers. This resulted in OMN's initial product BEAM™ image exchange that enabled the successful sharing of images for more than a decade with OMN's largest customer being the Country of Ireland.

OneMedNet continued to innovate by responding to the demand for and utilization of Real-World Data and Real-World Evidence, specifically data that focused on clinical images with its associated contextual clinical record. We were able to leverage internal technological competencies along with OneMedNet's formidable healthcare provider installed base from its first product with BEAMTM to become the first RWD solution for Life Science companies with its launch of iRWD™ in 2019.

OneMedNet provides innovative solutions that unlock the significant value contained within clinical image archives. With a growing federated network of 95+ healthcare facilities, OneMedNet has the immediate ability to quickly search and extensively curate multi-layer data from a Federated group of healthcare facilities. The term "healthcare facilities" refers specifically to the hospitals, integrated delivery networks ("IDNs") and imaging centers that provide imaging to OneMedNet, which represent the core source of our data. At present, OneMedNet works with more than 95 facilities who provide regulatory grade imaging to us. OneMedNet has access to these more than 95 facilities because these 95+ contracted facilities have more than 200 locations among them including offices and clinics, which in total generates regulatory grade imaging from more than 200 customers. Among these customers, all are data providers and some are data purchasers.

Significant Market Opportunities

A recent report by Deloitte, "Measuring the Return from Pharmaceutical Innovation 2020," revealed that there is a pressing need to optimize processes and fundamentally change the drug development paradigm through the use of digital and transformative approaches. The COVID-19 pandemic spurred on need for greater innovation in fact, according to Deloitte's report, as of 2020, 70% of the biopharma interviewees noted a lack of research-grade data as hindering their efforts to incorporate Real World Evidence in their research and development ("R&D"). Moreover, 80% of the biopharma interviewees reported that they are presently entering, or seeking to enter, strategic partnerships to access new sources of Real-World Data because obtaining this data would accelerate their time to market substantially.

OneMedNet has the knowledge, tools, and experience to access and harmonize complete patient profiles across fragmented data silos. We use robust real-world datasets to offer customized consulting services to generate fit-for-purpose data and insights for their stakeholders instead of providing terabytes of data. We curate information to the most stringent multi-level stratified requirements while providing unmatched data accuracy and ensuring the security and privacy of protected health information. Moreover, we deliver this curated data quickly and efficiently to address the rapidly growing needs of life science researchers and to speed life science product development.

Numerous factors have accelerated the adoption of Real World Evidence, including an industry-wide shift from volume-to-value-based payment models, personalized medicine, and the need to adapt clinical trials during the pandemic. These factors have influenced regulatory bodies globally and fuel interest in using Real World Evidence to "understand and demonstrate the value of pharmaceutical and medical device innovations."

The global Real World Evidence solutions market size was valued at $37.2 billion in 2020 and is expected to expand at a compound annual growth rate (CAGR) of 7.6% from 2021 to 2028 according to Grand View Research. The drug development and approvals segment accounted for the highest revenue share of around 28.9% in 2020. Real-world evidence solutions services allow pharmaceutical companies and healthcare providers as well as payers for efficient management of operations and accelerate the process of drug development and its approval, which fuels market growth. Support from regulatory bodies for using Real World Evidence solutions and an increase in research and development spending are anticipated to boost the market growth.

With the growing need for evidence generated from Real-World Data, the increasing importance of epidemiological data in decision making, and a shift from volume to value-based care, there has been an increased focus on patient registries, a rise in the adoption of EMR in hospitals, and exponential growth in mobile health data and social media which have resulted in the generation of huge amounts of medical data. In 2021, the real-world datasets segment is estimated to account for the larger share of 51.2% of the global real-world evidence solutions market. The market size of this segment is projected to reach $1,792.0 million by 2028 from $1,038.3 million in 2021, at a CAGR of 8.1% during the forecast period according to Meticulous Research® Analysis.

Based on end user, the global Real World Evidence solutions market is segmented into pharmaceutical, biotechnology, and medical device companies; healthcare payers; healthcare providers; and other end-users (academic research institutions, patient advocacy groups, regulators, and health technology assessment agencies). In 2021, the pharmaceutical, biotechnology, and medical device companies segment is estimated to account for the largest share of 36.5% of the global real-world evidence solutions market. The market size of this segment is projected to reach $2,025.7 million by 2028 from $739.7 million in 2021, at a CAGR of 15.5% during the forecast period according to Meticulous Research® Analysis. The large share of this segment is primarily attributed to the increasing importance of Real World Evidence studies in drug development and approvals and the growing need to avoid costly drug recalls and assess drug performance in real-world settings.

Key Factors that Affect Our Results of Operations

Competition from our providers of Real World Data.

Our business is affected by many factors which we discuss under the heading "*Risk Factors*" in our definitive Registration Statement on Form S-4 dated September 21, 2023 and filed with the Commission on October 2, 2023, and in subsequent filings. The following are a few of those key factors that may affect our financial condition and results of operations:

OneMedNet's business is highly competitive. Competition could present an ongoing threat to the success of OneMedNet's business, which competition could result from national and regional providers of imaging data, which could affect our ability to obtain and retain new customers and pricing pressures. We cannot assure you that we will be able to build our network in a timely or cost-effective manner, efficiently acquire additional customers or achieve target projected returns by penetrating the market as effectively as projected if OneMedNet is unable to compete effectively for imaging date providers and RWD customers. As a result, OneMedNet's business and operating results could be harmed.

In some instances, our competitors have easier access to financing, greater resources, greater operating capabilities and efficiencies of scale, stronger brand-name recognition, longstanding relationships with customers, and more customers. This provides these competitors with certain advantages in competing against us, including the ability to aggressively promote their products in markets in which we may compete. This competition may affect our ability to add and retain customers, which in turn adversely affects our business, financial condition and results of operations.

In the RWD and real-world evidence ("RWE") arena, there is a high number of service providers globally who sell electronic health records. The competition can be organized into two groups — the first is RWD providers that access imaging along with electronic health records. This includes firms such as Flatiron, Aetion, ConcertAI, Life Image and Optum among many others. These groups have deep disease insights but do not focus on imaging, and, we believe, are not imaging experts. The other group includes firms such as Nuance and Truveta that provide support for research projects using RWE where imaging may be part of the deliverables but imaging is not the central focus of these companies in our opinion. We believe that anywhere imaging is required to diagnosis, assess disease progression, regression, status quo or measure the impact of a therapy, device or procedure, OneMedNet has the required radiology imaging to support these clients.

There's a reason OneMedNet's customer base is growing as it develops its reputation as a reliable source for regulatory-grade imaging RWD. We believe it is because it requires specialized expertise in Artificial Intelligence/Machine Learning technology, data privacy/security, as well as expertise in clinical patient condition(s) and healthcare record keeping. Having, or achieving, expertise in all essential disciplines is a challenging achievement. Our current customer base is in the United States, Canada, Ireland, Israel, Germany, Netherlands, Norway and the United Kingdom. OneMedNet has plans to expand into Africa and Asia, we expect these expansions to be completed in 2023, however there is no assurance of that timetable. OneMedNet has a team of experienced curators with previous radiology, technical and clinical expertise. OneMedNet had a significant head start with our clinical image exchange solution which served to launch the company nearly a decade ago. Finally, OneMedNet has the most experienced and clinically trained data curators in the industry. This team appreciates the complexity and criticality of clinical data and can effectively communicate with both Provider and Life Science specialists.

Nevertheless, we believe that competition for users of OneMedNet's products and services will be intense. Although OneMedNet intends to continue to develop a global platform for its OneMedNet iRWD™ solution, it will face strong competition in its business.

Results of Operations

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
Revenue				
Subscription revenue	$ 201	$ 167	$ 34	20 %
Web imaging revenue	47	33	14	42 %
Total revenue	**248**	**200**	**48**	**24 %**
Cost of revenue	317	289	28	10 %
Gross margin	(69)	(89)	20	-22 %
Operating expenses				
General and administrative	1,358	539	819	152 %
Sales and marketing	229	259	(30)	-12 %
Research and development	445	582	(137)	-24 %
Total operating expenses	**2,032**	**1,380**	**652**	**47 %**
Loss from operations	**(2,101)**	**(1,469)**	**(632)**	**43 %**
Other (income) expense, net				
Interest expense	42	-	42	N/A
Change in fair value of warrants	(7)	-	(7)	N/A
Change in fair value of PIPE Notes	(20)	-	(20)	N/A
Change in fair value of convertible promissory notes	-	4,414	(4,414)	-100 %
Stock warrant expense	-	1,935	(1,935)	-100 %
Other (income) expense	(7)	8	(15)	-188 %
Total other (income) expenses, net	8	6,357	(6,349)	-100 %
Net loss	**$ (2,109)**	**$ (7,826)**	**$ 5,717**	**-73 %**

Development of Our Technology Revenue

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Change $	Change %
Subscription revenue (BEAM)	$ 201	$ 167	$ 34	20 %
Web imaging revenue (iRWD)	47	33	14	42 %
Total	$ 248	$ 200	$ 48	24 %

Since

Our revenue is comprised of sales made from our inception, we have focused on attracting subscription revenue (BEAM) and retaining best-in-class talent from our web imaging (iRWD). For the three months ended March 31, 2024, overall revenue increased by 24%. The primary driver for the subscription revenue increase was delivery of revenue to provide innovative solutions that unlock a significant customer. The primary driver for the significant value contained within increase in web imaging revenue was revenue deliveries pushed to the clinical image archives first quarter of healthcare providers. Employing our proven OneMedNet iRWD™ solution, we securely de-identify data, searches, and curates a data archive locally, bringing a wealth of internal and third-party research opportunities to providers. By leveraging this extensive federated provider network, together with cutting-edge proprietary technology and in-house clinical expertise, OneMedNet successfully meets the most rigorous Real-World Data Life Science requirements. 2024.

We continue to invest in employee recruitment and retention to advance our technology. Additionally, our team has made purposeful and foundational technological investments in hardware and software. We believe these early investments in our technology will enable us to move toward additional technical innovation more safely and quickly than would otherwise be possible. When we have deemed it to be beneficial, we have entered into strategic partnerships to expand and accelerate our technology development.***Cost of Revenue***

We believe that our developmental approach provides us with meaningful technological advantages in areas such as our fusion of artificial intelligence and imaging with our proprietary curation and innovation approaches. The successful execution of these details of clinical imaging is what we believe will allow us to continue to differentiate ourselves through our proven OneMedNet iRWD™ solution. While we believe we are best positioned to address advanced imaging solutions, potential competition may exist from other imaging providers using other approaches. Future success will be dependent on our ability to continue to execute innovative solutions that unlock the significant value contained within the clinical image archives of healthcare providers.

	Three Months Ended March 31,	
	2024	**2023**
Cost of revenue	317	289
% of revenue	128 %	145 %

For the three months ended March 31, 2024, we were able to reduce our cost of revenue as a percentage of revenue by 17%. The decrease is primarily driven by lower iRWD consulting costs during the three months ended March 31, 2024.

Commercialization General and Strategic Partnerships Administrative

OneMedNet set forth on Our general and administrative expense increased $0.8 million, or 152%, to $1.4 million for the three months ended March 31, 2024 from $0.5 million for the three months ended March 31, 2023. The increase is primarily due to an increase in professional fees of $0.6 million from being a corporate journey to create safer public company, employee salaries and more intelligent care solutions for patients, providers benefits of $0.1 million and hospitals. The company has been solely focused on creating innovative solutions that enable healthcare providers to gain increased value from medical imaging data. Whether requesting or transferring an image, the process must be straightforward and streamlined on both ends. OneMedNet's BEAM™ Image Sharing solution has been exceeding customer expectations for more than a decade with customer renewal rates exceeding 96%.
However, as important as the initial (or secondary) read may be to patient care, the value and impact bad debt expense of imaging goes well beyond an individual image. It's about the entire patient population archive utility and the potential data mining benefits for improving care. Research institutions often have difficulty gathering cohort data — even from their own internal center(s). It's not only cumbersome but very time consuming. And community hospitals increasingly leverage data for self-analysis and patient care advancement. Using our OneMedNet iRWD™, we can de-identify, index, and curate an archive resulting in fast, yet detailed search capabilities.
Providers can also advance healthcare on a much broader basis by sharing de-identified imaging data with external researchers. OneMedNet continually receives patient cohort requests from "Data Users" *(e.g.*, Pharma, CRO's, Core Labs, AI, Medical Devices). If a cohort match is found at one of our networked providers, OneMedNet will present that provider with a potential monetizing agreement. If agreement is reached, only then will the de-identified data be shared externally.

Production and Operations

OneMedNet expects to incur significant operating costs that will impact its future profitability, including research and development expenses as it continues to introduce new offerings and upgrades its existing iRWD™ offering plus additional operating costs and expenses as it scales its operations; interest expense from debt financing activities; and selling and distribution expenses as it builds its brand and markets its iRWD™ $0.1 million.

Revenues Sales and Marketing

For the period January 1, 2022 Our sales & marketing expense decreased $30 thousand, or 12%, to September 30, 202, the company generated revenue totaling $888,970 and $229 thousand for the period January 1, 2023 to September 30, 2023 three months ended March 31, 2024 from $259 thousand for the company generated revenue totaling $680,918. three months ended March 31, 2023. The decrease is attributable primarily due to an iRWD revenue delivery being delayed to of the fourth quarter of 2023.

Cost of Revenues

In 2023, the Company changed its accounting policy to allocate the discovery portion of curation expenses to Research and Development resulting in a decrease to compensation costs in salaries and benefits of $294,083. $84 thousand, which is partially offset by increases in trade shows, dues and subscriptions and consultants, which collectively increased by $54 thousand.

Research and development expenses

Research and development expenditures were charged to operating expense as incurred for the periods ended September 30, 2023 and December 31, 2022. OneMedNet expects to incur significant operating costs that will impact its future profitability, including research and development expenses as it continues to introduce new offerings and upgrades its existing iRWD™ offering plus additional operating costs and expenses as it scales its operations; interest expense from debt financing activities; and selling and distribution expenses as it builds its brand and markets its iRWD™. Our research and development expenses expense decreased $0.1 million, or 24%, to $0.5 million for the three months ended March 31, 2024 from $0.6 million for the three months ended March 31, 2023. The decrease is primarily consist due to a decrease in stock compensation expense of employee $0.2 million, which is partially offset by an increase in salaries and welfare, and outsourcing expenses. benefits of $0.1 million.

Research and development costs consist of payroll, hardware and electrical engineering prototyping, cloud computing, data labeling, and third-party development services, as well as costs associated curating and testing. These costs are included within research and development within the statement of operations. We expect our research and development expenses to increase in absolute dollars as we increase our investment in scaling our proprietary technologies.***Interest Expense***

Research During the three months ended March 31, 2024, interest expense was primarily comprised of interest expense on loans made from related parties (Management and development increased by $422,787 or 37.3% Directors) and interest expense on $0.5 million of deferred underwriter fees payable in cash. During the three months ended March 31, 2023, we did not incur any interest expense.

Change in Fair Value of Warrants

The change in fair value of Warrants was due to the closing of the Business Combination and the resulting fluctuations in the nine-months ended September 30, 2023 market price of $1,133,149 compared shares of Common Stock.

Change in Fair Value of PIPE Notes

The change in fair value of PIPE Notes was due to $710,362 at yearend December 31, 2022 with the addition closing of employees the Business Combination and the resulting fluctuations in the market price of shares of Common Stock.

Change in Fair Value of Convertible Debt

The change in fair value of convertible debt was due to the closing of the Business Combination and the resulting fluctuations of the market price of shares of Common Stock. The Convertible Promissory Notes were no longer outstanding during the three months ended March 31, 2024.

Non-GAAP Financial Measure

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

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

This non-GAAP financial measure should not be viewed as a substitute for a U.S. GAAP financial measure and may be different from a similarly titled non-GAAP financial measure used by other companies. Furthermore, there are limitations inherent in the non-GAAP financial measure because it excludes charges and credits that are required to research be included in a U.S. GAAP presentation. Accordingly, the non-GAAP financial measure does not replace the presentation of our U.S. GAAP financial measures and development. In 2023, should only be used as a supplement to, not as a substitute for, our financial results presented in accordance with U.S. GAAP. U.S. GAAP net loss is the company started allocating hosting costs specific to research and development work. closest comparable U.S. GAAP measure used.

Other Income (Expenses), Net

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

Our other income (expenses) primarily includes interest expense on financings The non-GAAP adjustments, and our basis for excluding them from our non-GAAP financial related expenses. measure, are outlined below:

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

The following table reconciles U.S. GAAP net loss to Adjusted EBITDA during the periods presented (in thousands):

Total other income (expense), net, increased by $243,617 or 44.6% from $302,624 of other income (expense) for the for the period ended September 30, 2022 to $546,241 of other income (expense) for the nine months ended September 30, 2023.

	Three Months Ended March 31,	
	2024	**2023**
Net loss	$ (2,109)	$ (7,826)
Interest expense	42	-
Depreciation and amortization	11	6
Stock-based compensation	137	368
Change in fair value of warrants	(7)	-
Change in fair value of PIPE Notes	(20)	-
Change in fair value of convertible promissory notes	-	4,414
Stock warrant expense	-	1,935
Adjusted EBITDA	(1,946)	(1,103)

As a result of the foregoing, we reported a net loss of $4,057,060 for the nine months ending September 30, 2022 representing a $900,587 or 18.2% increase to a net loss of $4,957,647 for the nine months ended September 30, 2023. All net income is attributable to OneMedNet Solutions Corporation (formerly, OneMedNet Corporation).

Liquidity and Capital Resources

As of September 30, 2023 March 31, 2024, we had $611,822 in cash our principal sources of liquidity were proceeds from related party investors and our revolving line of credit and cash equivalents as compared to $270,859 as of December 31, 2022. We also had $86,392 in accounts receivable as of September 30, 2023 as compared to $18,975 as of December 31, 2022. Our accounts receivable primarily include balances due received from compensation for services provided to our customers. As of September 30, 2023, our accumulated deficit was $36,834,868 as compared to $31,877,221 as of December 31, 2022 and has had negative cash flows from operating activities for the period ended September 30, 2023 and year ended December 31, 2022. These conditions raise substantial doubt about the Company's ability to continue as a going concern. In assessing our liquidity, management monitors and analyzes our cash, our ability to raise funds and to generate sufficient revenue in the future, and our operating and capital expenditure commitments. We are looking for other sources, such as raising additional capital by issuing shares of stock, to meet our needs for cash.

Cash Flows for the Nine Months Ended September 30, 2023 and 2022

The following table sets forth summary of our shows net cash flows for and cash equivalents used in operating activities, net cash and cash equivalents used in investing activities, and net cash and cash equivalents provided by financing activities during the periods indicated: presented:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Cash flow from Operating Activities		
Net Loss	$ (4,957,647)	$ (4,057,060)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	19,529	16,256
Stock-based compensation expense	888,632	52,754
Changes in assets and liabilities:		
Accounts Receivable	(67,417)	(88,645)
Other current assets	(1,146,266)	(66,254)
Accounts payable & accrued expenses	340,525	240,822
Deferred revenue	210,097	(306,886)
Net cash flows from operating activities	(4,712,547)	(4,209,013)
Cash used for Investing Activities		
Purchase of property and equipment	(28,801)	(48,766)
Cash flow from Financing Activities		
Proceeds from Canada Emergency Business Loan Act	186	(1,849)
Proceeds from Shareholders	704,000	-
Proceeds from issuance of convertible promissory note payable	4,378,124	3,872,638
Net cash flows from financing activities	5,082,310	3,870,789
Net change in cash and cash equivalents	340,963	(386,990)
Cash and Cash Equivalents, Beginning	270,859	699,320
Cash and Cash Equivalents, Ending	$ 611,822	$ 312,330

	Three Months Ended March 31,	
	2024	2023
Net cash provided by (used in)		
Operating activities	$ (1,547)	$ (1,002)
Investing activities	(6)	-
Financing activities	1,680	876

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Operating Activities

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

Net cash used in operating activities was $4,712,547 $1.5 million during the three months ended March 31, 2024. Net cash used in operating activities was due to our net loss of $2.1 million, which is offset by non-cash items of $0.1 million, primarily consisting of stock-based compensation, and cash from operating assets and liabilities of $0.4 million due to the timing of cash payments to vendors and cash receipts from customers.

By comparison, the Company's net cash used in operating activities was $1.0 million during the three months ended March 31, 2023. Net cash used in operating activities for the nine three months ended September 30, 2023 March 31, 2023 was due to our net loss of $7.8 million, which is offset by non-cash items of $6.7 million, primarily consisting of the following: change in fair value of convertible debt of $4.4 million, stock warrant expense of $1.9 million and stock-based compensation expense of $0.4 million, and cash from operating assets and liabilities of $0.1 million due to the timing of cash payments to vendors and cash receipts from customers.

● Net loss of $4,957,647 for the nine months ended September 30, 2023.***Investing Activities***

● Share-based compensation Our investing activities have consisted primarily of $888,632. property and equipment purchases.

● Stock-based compensation expenses Net cash and cash equivalents used in investing activities during the three months ended March 31, 2024 consisted of $19,529. $6 thousand of purchased property and equipment.

● Accounts Receivable of $(67,417) By comparison, no cash and cash equivalents were used or provided by investing activities during the three months ended March 31, 2023.
● Other current assets of $(1,146,266).
● Accounts payable & accrued expenses of $340,525.
● Deferred revenue of $210,097.

Financing Activities

Net cash provided by financing activities amounted to $5,082,310, was $1.7 million for the nine three months ended September 30, 2023 and March 31, 2024, which primarily consisted of $1.3 million and $0.4 million of proceeds from related party loans and our revolving line of credit, respectively.

By comparison, the Company's net cash provided by financing activities was $0.9 million for the three months ended March 31, 2023, which primarily consisted of $1.1 million proceeds from the issuance of convertible promissory note notes payable loans offset by $0.2 million of $4,378,124, Proceeds from shareholders of $704,000, and Proceeds from Canada Emergency Business Loan Act of $186.
Contractual obligations Combination costs paid.

Long Term Debt Contractual Obligations and Commitments and Going Concern Outlook

The Currently, management does not believe that our cash and cash equivalents is sufficient to meet our foreseeable cash needs for at least the next 12 months. Our foreseeable cash needs, in addition to our recurring operating expenses, include our expected capital expenditures to support the expansion of our infrastructure and workforce, interest expense and minimum contractual obligations. Management intends to raise cash for operations through debt and equity offerings. As a result of the Company's long-term debts included loans borrowed recurring loss from banks operations and other financial institutions. As of September 30, 2023, future minimum loan payments are the need for additional financing to fund its operating and capital requirements there is uncertainty regarding the Company's ability to maintain liquidity sufficient to operate its business effectively, which raises substantial doubt as follows: to the Company's ability to continue as a going concern.

Year ending December 31,	**Loan Payment**
2023	252,000
2024	248,000
2025	
2026	
Thereafter	
Total	500,000
Less interest	

Balance as of September 30, 2023	$	500,000

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

The following table summarizes our current and long-term material cash requirements as of March 31, 2024:

			Payments due in:			
	Total		Less than 1 year		1-3 years	
Accounts payable & accrued expenses	$	5,874	$	5,874	$	-
Loan extensions		2,992		2,992		-
Deferred underwriter fee payable		3,307		3,307		-
Loan, related party		1,777		-		1,777
PIPE Notes		1,617		1,617		-
Line of credit		411		411		-
	$	15,979	$	14,202	$	1,777

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2023.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are is based upon on our condensed consolidated financial statements. These financial statements are which have been prepared in accordance with U.S. GAAP, which requires us to GAAP. In preparing our financial statements, we make estimates, assumptions, and assumptions judgments that affect can have a significant impact on our reported revenue, results of operations, and net income or loss, as well as on the reported amounts value of our assets and liabilities and revenue and expenses, to disclose contingent certain assets and liabilities on the date our balance sheet during and as of the consolidated financial statements, reporting periods. These estimates, assumptions, and to disclose judgments are necessary because future events and their effects on our results of operations and the reported amounts value of revenue our assets cannot be determined with certainty and expenses incurred during the financial reporting period. The most significant estimates are made based on our historical experience and assumptions include the valuation of accounts receivable, advances to suppliers, useful lives of property and equipment, the recoverability of long-lived assets, provision necessary for contingent liabilities, and revenue recognition. We continue to evaluate these estimates and on other assumptions that we believe to be reasonable under the circumstances. We rely on these evaluations These estimates may change as new events occur or additional information is obtained, and we may periodically be faced with uncertainties, the basis for making judgments about the carrying values outcomes of assets and liabilities that which are not readily apparent from other sources. Since within our control and may not be known for a prolonged period of time. Because the use of estimates is an integral component of inherent in the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application.

We believe For a discussion of our critical accounting estimates, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Form 10-K/A, the notes to our audited financial statements appearing in the Form 10-K/A, and the notes to the financial statements appearing elsewhere in this Report. There have been no material changes to these critical accounting policies as disclosed in this prospectus reflect the more significant judgments and estimates used in preparation of our consolidated financial statements.

The following critical accounting policies rely upon assumptions and estimates and were used through March 31, 2024 from those discussed in the preparation of our consolidated financial statements: Form 10-K/A.

***Use of Estimates*Recently Issued and Adopted Accounting Pronouncements**

The preparation A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 2 to our condensed consolidated financial statements included elsewhere in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are based on information available as of the date of the consolidated financial statements. Significant estimates required to be made by management include, but are not limited to, the allowance for doubtful accounts, useful lives of property and equipment, the impairment of long- lived assets, valuation allowance of deferred tax assets, and revenue recognition. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are unsecured, recorded at net realizable value, and do not bear interest. Accounts receivable are considered past due if not paid within the terms established between the Company and the customer. Amounts are only written off after all attempts at collections have been exhausted. The Company determines the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. As of December 31, 2022 the Company established allowances of $102,700. The net receivable balances outstanding are fully collectible.

Revenue Recognition

Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a distinct good or service to a customer. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under topic 606. A contract's transaction price is allocated to each distinct performance obligation in proportion to the standalone selling price for each and recognized as revenue when, or as, the performance obligation is satisfied.

The steps the company uses to determine revenue recognition are as follows: identification of the contract with a customer, identification of the performance obligations, determining the transaction price, allocation of the transaction price to the performance obligation and recognition of revenue when the Company satisfies the performance obligation.

Individual promised goods and services in a contract are considered a performance obligation and accounted for separately if the good or service is distinct. A good or service is considered distinct if the customer can benefit from the good or service on its own or with other resources that are readily available to the customer and the good or service is separately identifiable from other promises in the arrangement.

The Company generates revenue from two streams: (1) iRWD (imaging Real World Data) which provides regulatory grade imaging and clinical data in the Pharmaceutical, Device Manufacturing, CRO's and AI markets and (2) BEAM which is a Medical Imaging Exchange platform between Hospital/Healthcare Systems, Imaging Centers, Physicians and Patients.

iRWD is sold on a fixed fee basis based on the number of data units and the cost per data unit committed to in the customer contract. Revenue is recognized when the data is delivered to the customer.

Beam revenue is subscription-based revenue which is recognized ratably over the subscription period committed to by the customer. The company invoices its Beam customers quarterly or annually in advance with the customer contracts automatically renewing unless the customer issues a cancellation notice.

The Company excludes from revenue taxes collected from a customer that are assessed by a governmental authority and imposed on and concurrent with a specific revenue-producing transaction.

The transaction price for the products is the invoiced amount. Advanced billings from contracts are deferred and recognized as revenue when earned.

Deferred revenue consists of payments received in advance of performance under the contract. Such amounts are generally recognized as revenue over the contractual period. The Company receives payments from customers based upon contractual billing schedules. Accounts receivable is recorded when the right to consideration becomes unconditional. Payment terms on invoiced amounts typically range from zero to 90 days, with typical terms of 30 days. this Report.

ITEM Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK Quantitative and Qualitative Disclosures About Market Risk

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

ITEM Item 4. CONTROLS AND PROCEDURES Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

Under the supervision and Our management, with the participation of our management, including our principal executive officer Chief Executive Officer and principal financial and accounting officer, we conducted an evaluation of Chief Financial Officer, has evaluated the effectiveness of our disclosure controls the design and procedures as operation of the end of the fiscal quarter ended September 30, 2023, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial and accounting officer have concluded that during the period covered by this report, our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act), as of March 31, 2024. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2024, our disclosure controls and procedures were not effective at because of material weaknesses in our internal controls over financial reporting which were not designed properly to ensure proper identification of non-routine transactions and ensure appropriate segregation of duties.

Material Weakness

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

Changes in Internal Control over Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter three months ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls or our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of these inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II— II – OTHER INFORMATION

ITEM Item 1. LEGAL PROCEEDINGS Legal Proceedings.

From We may be subject from time to time to various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business, we may become involved in various legal proceedings seeking monetary damages business. Some of these claims, lawsuits and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief. The amount of the ultimate liability, if We are not presently party to any from such claims cannot be determined. As of the date hereof, there are no legal claims currently pending or, to our knowledge, threatened against us or any of our officers or directors in their capacity as such or against any of our properties proceedings that, in the opinion of our management, if determined adversely to us, would be likely to individually or taken together have a material adverse effect on our business, operating results, financial position, results of operations condition, or cash flows.

ITEM Item 1A. RISK FACTORS Risk Factors.

In addition to the other information set forth in this Report, you should carefully consider the factors discussed in the "Risk Factors" in the Form 10-K/A and our other public filings, which could materially affect our business, financial condition or future results. There have been no material changes in our from risk factors from those previously disclosed in Part I, Item 1A. of "Risk Factors" in the Form 10-K/A and our Annual Report on Form 10-K for the year ended December 31, 2022. other public filings.

ITEM Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS Unregistered Sales of Equity Securities and Use of Proceeds.

None.During the three months ended March 31, 2024, we did not have sales of unregistered securities not previously included in a Current Report on Form 8-K.

ITEM Item 3. DEFAULTS UPON SENIOR SECURITIES Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES Item 5. Other Information.

Not applicable. During the three months ended March 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 5. OTHER INFORMATION Item 6. Exhibits.

Not applicable.

ITEM 6. EXHIBITS

The following documents are included as exhibits are filed as part of, or incorporated by reference into, to this Quarterly Report on Form 10-Q. 10-Q:

No. Exhibit Number	**Description of Exhibits**
2.1 †	Agreement and Plan of Merger, dated April 25, 2022, by and among Data Knights, Merger Sub, Sponsor, OneMedNet, and Paul Casey (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K, filed with the SEC on April 25, 2022).
3.1	Third Amended and Restated Certificate of Incorporation of OneMedNet Corporation (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, filed with the SEC on November 13, 2023).
3.2	Amended and Restated Bylaws of OneMedNet Corporation (incorporated by reference to Exhibit 3.2 to the Company's Registrant's Current Report on Form 8-K filed with the SEC on November 13, 2023)..
4.1	Warrant Agreement, dated May 6, 2021, by and between Continental Stock Transfer & Trust Company and Description of the Company (incorporated by reference to Exhibit 4.3 to the Company's Form S-1/A, filed with the SEC on April 7, 2021).
4.2	Specimen Unit Certificate Registrant's Securities (incorporated by reference to Exhibit 4.1 to the Company's Registrant's Annual Report on Form S-1/A, 10-K filed with the SEC on April 7, 2021 April 9, 2024).
4.3	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Company's Form S-1/A, filed with the SEC on April 7, 2021).
4.4	Specimen Warrant Certificate (incorporated by reference to Exhibit 4.3 to the Company's Form S-1/A, filed with the SEC on April 7, 2021).

10.1+ 4.3	Form of OneMedNet Corporation 2022 Equity Incentive Plan Warrant Agreement, dated May 6, 2021, between the Company and Continental Stock Transfer & Trust Company (incorporated by reference to Annex D to the proxy statement/prospectus which is part of the Registration Statement on Form S-4 declared effective by the SEC on September 22, 2023).
10.2	Form of Registration Rights Agreement by certain OneMedNet equity holders (included as Exhibit G to Annex B to the proxy statement/prospectus).
10.3	Lockup Agreement by certain OneMedNet equity holders (included as Exhibit C to Annex B to the proxy statement/prospectus).
10.4	Sponsor Lock-up Agreement (as incorporated by reference to Exhibit B of Exhibit 2.1 4.1 to the Company's Form 8-K, filed with the SEC on April 25, 2022 May 11, 2021).
10.5 10.1	Letter Securities Purchase Agreement dated May 6, 2021 entered into as of March 28, 2024, by and between Data Knights, OneMedNet Corporation and each investor identified on the initial security holders and the officers and directors of the Data Knights signature pages thereto (incorporated by reference to Exhibit 10.1 to the Company's Registrant's Current Report on Form 8-K filed with the SEC on May 11, 2021) April 2, 2024).
10.6 10.2	Voting Registration Rights Agreement incorporated dated as of March 28, 2024, by reference and among OneMedNet Corporation and each of the investors to Form 8-K filed April 25, 2022 which is included as Appendix A to Exhibit 2.2.
10.7	Sponsor Support the Securities Purchase Agreement Voting Agreement. (incorporated by reference to Exhibit B to Annex B 10.2 to the proxy statement/prospectus filed by Data Knights Acquisition Corp.).
10.8+	Employment Agreement between OneMedNet Corporation and Aaron Green, President (incorporated by reference to Exhibit 10.8 to the Company's Registrant's Current Report on Form 8-K filed with the SEC on April 25, 2022 April 2, 2024).
10.9+ 10.3	Employment Subscription Escrow Agreement between effective March 28, 2024, by and among OneMedNet Corporation, each investor identified on the signature pages thereto, and Lisa Embree, Chief Financial Officer Rimon, P.C., as the Escrow Agent (incorporated by reference to Exhibit 10.9 10.3 to the Company's Registrant's Current Report on Form 8-K filed with the SEC on April 25, 2022 April 2, 2024).
10.10+	Employment Agreement between OneMedNet Corporation and Paul Casey, Chief Executive Officer (incorporated by reference to Exhibit 1010 to the Company's Form 8-K, filed with the SEC on April 25, 2022).
10.11	Securities Purchase Agreement dated June 28, 2023 with OneMedNet Corporation.
31.1*	Certification of Principal Chief Executive Officer (Principal Executive Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), of 1934, as adopted Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 2002.
31.2*	Certification of Principal Chief Financial Officer (Principal Financial Officer) Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), of 1934, as adopted Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 2002.
32.1* 32.1#	Certification of Principal Chief Executive Officer (Principal Executive Officer) Pursuant to 18 U.S.C. Section 1350, as adopted Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 2002.
32.2* 32.2#	Certification of Principal Chief Financial Officer (Principal Financial Officer) Pursuant to 18 U.S.C. Section 1350, as adopted Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 2002.
101.INS*	Inline XBRL Instance Document
101.CAL*	Inline XBRL Instance Document
101.SCH* 101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.DEF* 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB* 101.LAB	Inline XBRL Taxonomy Extension Labels Label Linkbase Document
101.PRE* 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed or furnished herewith.

\+ Management contract or compensatory plan or arrangement.

*** Filed herewith.**

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. authorized, on December 5, 2024.

ONEMEDNET CORPORATION OneMedNet Corporation

Date: November 20, 2023

By: */s/ Paul Casey Robert Golden*

Paul Casey Robert Golden
Interim Chief Executive Financial Officer
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Exhibit 31.1

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

I, Paul Casey, Aaron Green, certify that:

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

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

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

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

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

   b) (b) (Paragraph omitted pursuant Designed such internal control over financial reporting, or caused such internal control over financial reporting to SEC Release Nos. 33-8238/34-47986 be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and 33-8392/34-49313); the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: November 20, 2023 December 5, 2024

By: */s/ Paul Casey Aaron Green*
Paul Casey Aaron Green
Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

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

I, Lisa Embree, Robert Golden, certify that:

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

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

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

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

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

   b) (b) (Paragraph omitted pursuant Designed such internal control over financial reporting, or caused such internal control over financial reporting to SEC Release Nos. 33-8238/34-47986 be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and 33-8392/34-49313); the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: November 20, 2023 December 5, 2024

By: */s/ Lisa Embree Robert Golden*
Lisa Embree Robert Golden
Interim Chief Financial Officer

(Principal Financial Officer
and Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of OneMedNet Corporation (the "Company") for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Paul Casey, Aaron Green, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 1934; and
(2)
2. To my knowledge, the The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the report. Company.

Date: November 20, 2023 December 5, 2024

By: */s/ Paul Casey Aaron Green*
Paul Casey Aaron Green
Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of OneMedNet Corporation (the "Company") for the quarter ended September 30, 2023 March 31, 2024, as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Lisa Embree, Robert Golden, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 1934; and

(2)

2. To my knowledge, the The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the report. Company.

Date: November 20, 2023 December 5, 2024

By: */s/ Lisa Embree Robert Golden*

Lisa Embree Robert Golden
Interim Chief Financial Officer

(Principal Financial Officer
and Principal Accounting Officer)

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.