

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2020**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **001-38659**

BIOSIG TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation
or organization)

26-4333375

(IRS Employer Identification No.)

54 Wilton Road, 2nd Floor

Westport, CT

(Address of principal executive office)

06880

(Zip Code)

(203) 409-5444

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	BSGM	The NASDAQ Capital Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

As of August 6, 2020, there were 29,648,239 shares of registrant's common stock outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIOSIG TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>June 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
	(unaudited)	
ASSETS		
Current assets:		
Cash	\$ 36,927,306	\$ 12,108,582
Inventory	800,000	577,690
Vendor deposits	470,826	-
Prepaid expenses	453,822	141,221
Total current assets	<u>38,651,954</u>	<u>12,827,493</u>
Property and equipment, net	174,740	180,368
Right-to-use assets, net	513,464	714,342
Other assets:		
Patents, net	355,034	364,536
Trademarks	1,125	1,125
Prepaid expenses, long term	14,002	27,410
Deposits	<u>101,839</u>	<u>101,839</u>
Total assets	<u>\$ 39,812,158</u>	<u>\$ 14,217,113</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses, including \$97,645 and \$39,674 to related parties as of June 30, 2020 and December 31, 2019, respectively	\$ 3,103,964	\$ 1,488,776
Dividends payable	67,453	128,478
Lease liability, short term	435,287	412,288
Total current liabilities	<u>3,606,704</u>	<u>2,029,542</u>
Lease liability, long term	88,574	311,131
Total debt	<u>3,695,278</u>	<u>2,340,673</u>
Commitments and contingencies (Note 11)		
Series C 9% Convertible Preferred Stock, \$0.001 par value, \$1,000 stated value, designated 4,200 shares, 105 and 215 shares issued and outstanding; liquidation preference of \$105,000 and \$215,000 as of June 30, 2020 and December 31, 2019, respectively	<u>105,000</u>	<u>215,000</u>
Equity:		
Preferred stock, \$0.001 par value, authorized 1,000,000 shares, designated 200 shares of Series A, 600 shares of Series B, 4,200 shares of Series C, 1,400 shares of Series D, 1,000 shares of Series E, 200,000 shares of Series F Preferred Stock; 105 and 215 Series C shares outstanding as of June 30, 2020 and December 31, 2019, respectively	-	-
Common stock, \$0.001 par value, authorized 200,000,000 shares, 29,126,663 and 23,323,087 issued and outstanding as of June 30, 2020 and December 31, 2019, respectively	29,127	23,323
Additional paid in capital	168,499,417	115,910,058
Accumulated deficit	<u>(135,310,614)</u>	<u>(104,786,769)</u>
Total stockholders' equity attributable to BioSig Technologies, Inc.	33,217,930	11,146,612
Non-controlling interest	<u>2,793,950</u>	<u>514,828</u>
Total equity	<u>36,011,880</u>	<u>11,661,440</u>
Total liabilities and equity	<u>\$ 39,812,158</u>	<u>\$ 14,217,113</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOSIG TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating expenses:				
Research and development	\$ 5,718,184	\$ 1,817,959	\$ 10,644,898	\$ 3,306,798
General and administrative	16,608,211	6,160,812	24,463,431	10,539,709
Depreciation and amortization	22,208	9,979	43,223	17,914
Total operating expenses	<u>22,348,603</u>	<u>7,988,750</u>	<u>35,151,552</u>	<u>13,864,421</u>
Loss from operations	(22,348,603)	(7,988,750)	(35,151,552)	(13,864,421)
Other income (expense):				
Interest income, net	3,454	39,146	43,030	45,269
Loss on foreign currency translation	(1,161)	-	(1,161)	-
Loss before income taxes	(22,346,310)	(7,949,604)	(35,109,683)	(13,819,152)
Income taxes (benefit)	-	-	-	-
Net loss	(22,346,310)	(7,949,604)	(35,109,683)	(13,819,152)
Non-controlling interest	3,158,025	-	4,585,838	-
Net loss attributable to BioSig Technologies, Inc.	(19,188,285)	(7,949,604)	(30,523,845)	(13,819,152)
Preferred stock dividend	(4,699)	(4,868)	(9,317)	(15,409)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	<u>\$ (19,192,984)</u>	<u>\$ (7,954,472)</u>	<u>\$ (30,533,162)</u>	<u>\$ (13,834,561)</u>
Net loss per common share, basic and diluted	<u>\$ (0.72)</u>	<u>\$ (0.38)</u>	<u>\$ (1.20)</u>	<u>\$ (0.72)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>26,537,058</u>	<u>20,671,193</u>	<u>25,463,154</u>	<u>19,267,514</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOSIG TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
THREE MONTHS ENDED JUNE 30, 2020

	Common stock		Additional Paid in Capital	Accumulated Deficit	Non-controlling Interest	Total
	Shares	Amount				
Balance, March 31, 2020 <i>(unaudited)</i>	26,010,318	\$ 26,010	\$ 131,339,541	\$ (116,122,329)	\$ 607,149	\$ 15,850,371
Sale of common stock	2,187,500	2,188	16,159,792	-	-	16,161,980
Sale of subsidiary shares to non-controlling interest	-	-	7,124,366	-	3,467,709	10,592,075
Common stock issued for services	15,038	15	108,259	-	-	108,274
Fair value of subsidiary shares issued to acquire research and development	-	-	1,051,309	-	248,486	1,299,795
Common stock issued upon conversion of Series C Preferred Stock at \$3.75 per share	26,667	27	99,973	-	-	100,000
Common stock issued for settlement of Series C Preferred Stock accrued dividends at \$4.47 per share	14,433	14	64,490	-	-	64,504
Common stock issued upon cashless exercise of warrants	2,266	2	(2)	-	-	-
Common stock issued upon cashless exercise of options	149,602	150	(150)	-	-	-
Common stock issued upon exercise of options at an average of \$4.66 per share	478,451	478	2,229,002	-	-	2,229,480
Common stock issued upon exercise of warrants at an average of \$3.87 per share	189,388	190	732,486	-	-	732,676
Stock based compensation	53,000	53	9,595,050	-	1,628,631	11,223,734
Preferred stock dividend	-	-	(4,699)	-	-	(4,699)
Net loss	-	-	-	(19,188,285)	(3,158,025)	(22,346,310)
Balance, June 30, 2020 <i>(unaudited)</i>	<u>29,126,663</u>	<u>\$ 29,127</u>	<u>\$ 168,499,417</u>	<u>\$ (135,310,614)</u>	<u>\$ 2,793,950</u>	<u>\$ 36,011,880</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOSIG TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
THREE MONTHS ENDED JUNE 30, 2019

	Common stock		Additional Paid in Capital	Common stock Subscription	Accumulated Deficit	Total
	Shares	Amount				
Balance, March 31, 2019 <i>(unaudited)</i>	20,009,985	\$ 20,010	\$ 86,465,732	\$ 309,000	\$ (76,601,489)	\$ 10,193,253
Common stock issued upon exercise of warrants at an average of \$4.17 per share	831,710	832	3,466,875	(309,000)	-	3,158,707
Common stock issued upon exercise of options at an average of \$4.76 per share	93,500	94	444,744	-	-	444,838
Common stock issued upon cashless exercise of warrants	56,538	56	(56)	-	-	-
Common stock issued upon cashless exercise of options	38,687	39	(39)	-	-	-
Common stock issued upon conversion of Series C Preferred Stock at \$3.75 per share	69,335	69	259,931	-	-	260,000
Common stock issued settlement of Series C Preferred Stock accrued dividends at \$6.53 per share	21,379	21	139,571	-	-	139,592
Change in fair value of modified options	-	-	666,062	-	-	666,062
Stock based compensation	30,000	30	3,057,020	-	-	3,057,050
Preferred stock dividend	-	-	(4,868)	-	-	(4,868)
Net loss	-	-	-	-	(7,949,604)	(7,949,604)
Balance, June 30, 2019 <i>(unaudited)</i>	<u>21,151,134</u>	<u>\$ 21,151</u>	<u>\$ 94,494,972</u>	<u>\$ -</u>	<u>\$ (84,551,093)</u>	<u>\$ 9,965,030</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOSIG TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2020

	Common stock		Additional Paid in Capital	Accumulated Deficit	Non-controlling Interest	Total
	Shares	Amount				
Balance, December 31, 2019	23,323,087	\$ 23,323	\$ 115,910,058	\$ (104,786,769)	\$ 514,828	\$ 11,661,440
Sale of common stock	4,687,500	4,688	25,209,623	-	-	25,214,311
Sale of subsidiary shares to non-controlling interest	-	-	7,124,366	-	3,467,709	10,592,075
Common stock issued for services	15,038	15	108,259	-	-	108,274
Fair value of subsidiary shares issued to acquire research and development	-	-	1,051,309	-	248,486	1,299,795
Common stock issued upon conversion of Series C Preferred Stock at \$3.75 per share	29,334	29	109,971	-	-	110,000
Common stock issued settlement of Series C Preferred Stock accrued dividends at \$4.53 per share	15,516	16	70,325	-	-	70,341
Common stock issued upon cashless exercise of warrants	12,840	13	(13)	-	-	-
Common stock issued upon cashless exercise of options	160,743	161	(161)	-	-	-
Common stock issued upon exercise of options at an average of \$4.66 per share	478,451	478	2,229,002	-	-	2,229,480
Common stock issued upon exercise of warrants at an average of \$3.83 per share	269,820	270	1,034,026	-	-	1,034,296
Fair value of subsidiary shares issued to acquire research and development from Trek Therapeutics, PBC	-	-	2,439,139	-	735,411	3,174,550
Stock based compensation	134,334	134	13,222,830	-	2,413,354	15,636,318
Preferred stock dividend	-	-	(9,317)	-	-	(9,317)
Net loss	-	-	-	(30,523,845)	(4,585,838)	(35,109,683)
Balance, June 30, 2020 <i>(unaudited)</i>	<u>29,126,663</u>	<u>\$ 29,127</u>	<u>\$ 168,499,417</u>	<u>\$ (135,310,614)</u>	<u>\$ 2,793,950</u>	<u>\$ 36,011,880</u>

See the accompanying notes to the audited condensed consolidated financial statements

BIOSIG TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2019

	Common stock		Additional Paid in Capital	Common stock Subscription	Accumulated Deficit	Total
	Shares	Amount				
Balance, December 31, 2018	16,868,783	\$ 16,869	\$ 74,039,341	\$ -	\$ (70,731,941)	\$ 3,324,269
Common stock issued for services	560,000	560	2,332,640	-	-	2,333,200
Sale of common stock	2,155,127	2,155	8,617,123	-	-	8,619,278
Common stock issued upon exercise of warrants at an average of \$4.09 per share	1,130,029	1,130	4,617,357	-	-	4,618,487
Common stock issued upon exercise of options at an average of \$4.76 per share	93,500	94	444,744	-	-	444,838
Common stock issued upon cashless exercise of warrants	160,962	161	(161)	-	-	-
Common stock issued upon cashless exercise of options	38,687	39	(39)	-	-	-
Common stock issued upon conversion of Series C Preferred Stock at \$3.75 per share	69,335	69	259,931	-	-	260,000
Common stock issued settlement of Series C Preferred Stock accrued dividends at \$6.53 per share	21,379	21	139,571	-	-	139,592
Change in fair value of modified options	-	-	666,062	-	-	666,062
Stock based compensation	53,332	53	3,393,812	-	-	3,393,865
Preferred stock dividend	-	-	(15,409)	-	-	(15,409)
Net loss	-	-	-	-	(13,819,152)	(13,819,152)
Balance, June 30, 2019 (<i>unaudited</i>)	<u>21,151,134</u>	<u>\$ 21,151</u>	<u>\$ 94,494,972</u>	<u>\$ -</u>	<u>\$ (84,551,093)</u>	<u>\$ 9,965,030</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOSIG TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six months ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (35,109,683)	\$ (13,819,152)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	43,223	17,914
Equity based compensation	15,744,592	5,727,065
Change in fair value of modified options	-	666,062
Fair value of subsidiary stock issued to acquire research and development from Trek Therapeutics, PBC-related party	3,174,550	-
Fair value of subsidiary stock issued to acquire research and development	1,299,795	-
Changes in operating assets and liabilities:		
Inventory	(222,310)	-
Vendor deposits	(470,826)	-
Prepaid expenses	(299,193)	(159,067)
Deposits	-	(69,764)
Accounts payable and accrued expenses	1,615,187	(8,410)
Lease liability, net	1,320	3,387
Net cash used in operating activities	<u>(14,223,345)</u>	<u>(7,641,965)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments of patent costs	-	(111,316)
Payment of trademark costs	-	(275)
Purchase of property and equipment	(28,093)	(45,241)
Net cash used in investing activity	<u>(28,093)</u>	<u>(156,832)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sale of common stock, net of issuance costs	25,214,311	8,619,278
Proceeds from sale of subsidiary stock to non-controlling interest, net of issuance costs	10,592,075	-
Proceeds from exercise of options	2,229,480	444,838
Proceeds from exercise of warrants	1,034,296	4,618,487
Net cash provided by financing activities	<u>39,070,162</u>	<u>13,682,603</u>
Net increase in cash and cash equivalents	24,818,724	5,883,806
Cash and cash equivalents, beginning of the period	12,108,582	4,450,160
Cash and cash equivalents, end of the period	<u>\$ 36,927,306</u>	<u>\$ 10,333,966</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the period for income taxes	<u>\$ -</u>	<u>\$ -</u>
Noncash investing and financing activities:		
Common stock issued upon conversion of Series C Preferred Stock and accrued dividends	<u>\$ 180,341</u>	<u>\$ 399,592</u>
Dividend payable on preferred stock charged to additional paid in capital	<u>\$ 9,317</u>	<u>\$ 15,409</u>
Right-to-use assets and lease liability recorded upon adoption of ASC 842	<u>\$ -</u>	<u>\$ 422,215</u>
Record right-to-use assets and related lease liability	<u>\$ -</u>	<u>\$ 506,276</u>

See the accompanying notes to the unaudited condensed consolidated financial statements

BIOSIG TECHNOLOGIES, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020
(unaudited)

NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION

BioSig Technologies, Inc. was initially incorporated on February 24, 2009 under the laws of the State of Nevada and subsequently re-incorporated in the state of Delaware in 2011. The company is principally devoted to improving the quality of cardiac recordings obtained during EP studies and catheter ablation procedures. The company has not generated any revenue to date and consequently its operations are subject to all risks inherent in the establishment of a new business enterprise.

On November 7, 2018, the company formed ViralClear Pharmaceuticals, Inc. (“ViralClear”) under the laws of the State of Delaware formerly under the name of NeuroClear Technologies, Inc. for the purpose to pursue additional applications of the PURE EP™ signal processing technology outside of electrophysiology and subsequently in 2020, which was repurposed to bring a broad-spectrum anti-viral agent against the COVID-19 virus to market (see below). In 2019, the company sold 896,690 shares of its common stock for net proceeds of \$5,011,310 to fund initial operations. As of December 31, 2019, the company had a majority interest in ViralClear of 87.8%.

On March 30, 2020, ViralClear amended its Certificate of Incorporation to change its name to ViralClear Pharmaceuticals, Inc. from NeuroClear Technologies, Inc.

On March 24, 2020, ViralClear entered into an asset purchase agreement (the “Asset Purchase Agreement”) with Trek Therapeutics, PBC (“Trek”), a related party; entity controlled by a member of the Company’s board of directors. Pursuant to the Asset Purchase Agreement, Trek sold to ViralClear all right, title and interest of Trek and its affiliates to certain assets (the “Purchased Assets”). As consideration for the Purchased Assets, ViralClear agreed to pay Trek in upfront and milestone payments a combination of cash, shares of ViralClear’s common stock, which common stock may equal up to 10% of ViralClear’s outstanding equity, and sublicense fees in the event ViralClear sublicenses the Purchased Assets. On March 30, 2020, pursuant to the Asset Purchase Agreement, ViralClear paid \$ 350,000 in cash and issued 634,910 shares of ViralClear’s common stock valued at \$3,174,550 to Trek. The purchased assets were accounted for as acquired research and development.

On April 8, 2020, ViralClear entered into the Agreement with Mayo. The Agreement grants to ViralClear (i) an exclusive worldwide license, with the right to sublicense, within the field of anti-viral agents to target COVID-19 (the “Field”) to certain patent rights for the development and commercialization of products, methods, and processes for public use and benefit (the “Licensed Products”) and (ii) a non-exclusive worldwide license, with the right to sublicense, within the Field, to use the know-how of Mayo that is necessary to develop the Licensed Products. The Agreement will expire upon the later of either (a) the expiration of the licensed patent rights or (b) the 7th anniversary of the date of the first commercial sale of a Licensed Product, unless earlier terminated by Mayo for ViralClear’s failure to cure a material breach of the Agreement, ViralClear’s or a sublicensee’s commencement of any action or proceedings against Mayo or its affiliates other than for an uncured material breach of the Agreement by Mayo, or insolvency ViralClear.

In connection with the Agreement, ViralClear issued to Mayo 259,959 shares of ViralClear’s common stock, par value \$0.001 per share. ViralClear also agreed to make earned royalty payments to Mayo in connection with ViralClear’s sales of the Licensed Products along with certain milestone payments up to \$200,000 in the aggregate. The common stock issued, and cash paid was accounted for as acquired research and development.

In May 2020, ViralClear sold 1,068,550 shares of its common stock to investors at \$ 0.00 per share for net proceeds of \$10,592,075 to fund product development. As of June 30, 2020, the Company had a majority interest in ViralClear of 69.4%

The unaudited condensed consolidated financial statements include the accounts of BioSig Technologies, Inc. and its majority owned subsidiary, ViralClear Pharmaceuticals, Inc. to as the “Company” or “BioSig”.

BIOSIG TECHNOLOGIES, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020
(unaudited)

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The condensed consolidated balance sheet as of December 31, 2019 has been derived from audited financial statements.

Operating results for the three and six months ended June 30, 2020 are not necessarily indicative of results that may be expected for the year ending December 31, 2020. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2019 filed with the Company’s Form 10-K with the Securities and Exchange Commission on March 13, 2020.

COVID-19

On March 11, 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus (COVID-19) outbreak, which has led to a global health emergency. The full public-health impact of the ongoing pandemic is currently indeterminable and rapidly evolving, and the related health crisis has adversely affected and may continue to adversely affect the global economy, resulting in delaying to our commercialization objectives of the PURE EP systems and therapeutic candidates ViralClear is developing.

NOTE 2 – MANAGEMENT’S LIQUIDITY PLANS

The BioSig Technologies, Inc.’s primary efforts are principally devoted to improving the quality of cardiac recordings obtained during ablation of atrial fibrillation (AF) and ventricular tachycardia (VT) and ViralClear’s efforts are devoted to developing a broad-spectrum, anti-viral candidate acquired from Trek. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. Further, the Company has not generated revenues and there is no assurance that the Company will be able to generate cash flow to fund operations. In addition, there can be no assurance that the Company’s ongoing research and development will be successfully completed or that any product will be approved or commercially viable.

At June 30, 2020, the Company had working capital of approximately \$35.0 million. During the six months ended June 30, 2020, the Company raised approximately \$25.2 million, net of expenses, through the sale of common stock, \$10.6 million, net of expenses, through the sale of ViralClear’s common stock and \$3.3 million from the exercise of warrants and options.

At June 30, 2020, the Company had cash of approximately \$36.9 million, which together with approximately \$0.4 million from option and warrant exercises subsequent to June 30, 2020 (see above and Note 15), constitutes sufficient funds for the Company to meet its research and development and other funding requirements for at least the next 12 months from the date of issuance of these financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the recoverability and useful lives of long-lived assets, the fair value of long-term operating leases, patent capitalization, fair value of acquired assets, the fair value of the Company’s stock, stock-based compensation, fair values relating to warrant and other derivative liabilities and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

BIOSIG TECHNOLOGIES, INC.
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Acquisition of Intellectual Property

Intellectual property acquired are accounted for under the acquisition method of accounting. This method requires the recording of acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition date fair values. The method records any excess purchase price over the fair value of acquired net assets as goodwill.

The acquired intellectual property from the Trek acquisition was considered unproven compounds, the success of which was uncertain at the time of the acquisition. Accordingly, the fair value of the consideration paid was charged as acquired research and development to current period operations.

Fair Value of Financial Instruments

Accounting Standards Codification subtopic 825-10, Financial Instruments (“ASC 825-10”) requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The Company follows Accounting Standards Codification subtopic 820-10, Fair Value Measurements and Disclosures (“ASC 820-10”) and Accounting Standards Codification subtopic 825-10, Financial Instruments (“ASC 825-10”), which permits entities to choose to measure many financial instruments and certain other items at fair value.

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limit. At June 30, 2020 and December 31, 2019, deposits in excess of FDIC limits were \$36,427,306 and \$11,608,582, respectively.

Inventory

The inventory is comprised of finished goods available for sale and are stated at the lower of cost or net realizable value using the first-in, first-out method of valuation. The inventory at June 30, 2020 and December 31, 2019 were \$800,000 and \$577,690, respectively.

Prepaid Expenses and Vendor Deposits

Prepaid expenses and vendor deposits are comprised of prepaid insurance and operating expense and other prepayments.

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Leases

The Company determines if a contractual arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, current operating lease liabilities, and noncurrent operating lease liabilities on the Company’s unaudited condensed consolidated balance sheet. The Company evaluates and classifies leases as operating or finance leases for financial reporting purposes. The classification evaluation begins at the commencement date and the lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option which result in an economic penalty. All the Company’s real estate leases are classified as operating leases. ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. The lease payments included in the present value are fixed lease payments. As most of the Company’s leases do not provide an implicit rate, the Company estimates its collateralized incremental borrowing rate, based on information available at the commencement date, in determining the present value of lease payments. The Company applies the portfolio approach in applying discount rates to its classes of leases. The operating lease ROU assets include any payments made before the commencement date. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company does not currently have subleases. The Company does not currently have residual value guarantees or restrictive covenants in its leases.

Research and Development Costs

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of \$5,718,184 and \$10,644,898 for the three and six months ended June 30, 2020 and \$1,817,959 and \$3,306,798 for the three and six months ended June 30, 2019, respectively.

Net Income (loss) Per Common Share

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share (“ASC 260-10”). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the “treasury stock” and/or “if converted” methods as applicable.

The computation of basic and diluted loss per share as of June 30, 2020 and 2019 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

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Potentially dilutive securities excluded from the computation of basic and diluted net income (loss) per share are as follows:

	June 30, 2020	June 30, 2019
Series C convertible preferred stock	38,084	79,141
Options to purchase common stock	3,732,705	3,562,905
Warrants to purchase common stock	1,764,827	2,992,472
Totals	<u>5,535,616</u>	<u>6,634,518</u>

Stock Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award as measured on the grant date. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period.

As of June 30, 2020, BioSig Technologies, Inc. had options to purchase 3,732,705 shares of common stock outstanding, of which options to purchase 2,641,319 shares of common stock were vested.

As of December 31, 2019, there were BioSig Technologies, Inc. options to purchase 3,980,804 shares of common stock outstanding, of which options to purchase 2,874,017 shares of common stock were vested.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods.

Patents, Net

The Company capitalizes certain initial asset costs in connection with patent applications including registration, documentation and other professional fees associated with the application. Patent costs incurred prior to the Company's U.S. Food and Drug Administration ("FDA") 510(k) application on March 28, 2018 were charged to research and development expense as incurred. Commencing upon first in-man trials on February 18 and 19, 2019, capitalized costs are amortized to expense using the straight-line method over the lesser of the legal patent term or the estimated life of the product of 20 years. During the three and six months ended June 30, 2020, the Company recorded amortization of \$4,751 and \$9,502; and \$4,710 and \$6,073 for the three and six months ended June 30, 2019 to current period operations, respectively.

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Impairment of Long-lived Assets

The Company recognizes an impairment of long-lived assets used in operations, other than goodwill, when events or circumstances indicate that the asset might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method. The Company did not recognize and record any impairments of long-lived assets used in operations during the three and six month periods ended June 30, 2020 and 2019.

Non-controlling Interest

The Company's non-controlling interest represents the non-controlling shareholders ownership interests related to the Company's subsidiary, ViralClear Pharmaceuticals, Inc. The Company reports its non-controlling interest in subsidiaries as a separate component of equity in the consolidated balance sheets and reports both net loss attributable to the non-controlling interest and net loss attributable to the Company's common shareholders on the face of the consolidated statements of operations. The Company's equity interest in ViralClear is 69.4% and the non-controlling stockholders' interest is 30.6% as of June 30, 2020. This is reflected in the consolidated statements of equity.

Segment Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions how to allocate resources and assess performance. The information disclosed herein represents all of the material financial information related to the Company's principal operating segments. (See Note 12 – Segment Reporting).

Recent Accounting Pronouncements

There were various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2020 and December 31, 2019 is summarized as follows:

	June 30, 2020	December 31, 2019
Computer equipment	\$ 174,885	\$ 155,126
Furniture and fixtures	74,517	71,463
Manufacturing equipment	34,377	29,098
Total	283,779	255,687
Less accumulated depreciation	(109,039)	(75,319)
Property and equipment, net	<u>\$ 174,740</u>	<u>\$ 180,368</u>

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

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Depreciation expense was \$17,457 and \$33,721 for three and six months ended June 30, 2020; and \$6,632 and \$11,841 for the three and six months ended June 30, 2019, respectively.

NOTE 5 – RIGHT TO USE ASSETS AND LEASE LIABILITY

Operating leases:

The Company has several leases and at lease commencement dates, the Company estimated the lease liability and the right of use assets at present value using the Company's estimated incremental borrowing rate of 8% and determined their initial present values, at inception, of \$1,084,715.

Right to use assets is summarized below:

	June 30, 2020	December 31, 2019
Right to use assets, net	1,084,715	1,084,715
Less accumulated depreciation	(571,251)	(370,373)
Right to use assets, net	<u>\$ 513,464</u>	<u>\$ 714,342</u>

During the three and six months ended June 30, 2020, the Company recorded \$126,811 and \$246,218; and \$104,278 and \$164,405 for the three and six months ended June 30, 2019, as lease expense to current period operations.

Lease liability is summarized below:

	June 30, 2020	December 31, 2019
Total lease liability	523,861	723,419
Less: short term portion	(435,287)	(412,288)
Long term portion	<u>\$ 88,574</u>	<u>\$ 311,131</u>

Maturity analysis under these lease agreements are as follows:

Year ended December 31, 2020	\$ 230,169
Year ended December 31, 2021	321,386
Total	551,555
Less: Present value discount	(27,694)
Lease liability	<u>\$ 523,861</u>

Lease expense for the three months ended June 30, 2020 and 2019 was comprised of the following:

	June 30, 2020	June 30, 2019
Operating lease expense	\$ 114,028	\$ 83,584
Short-term lease expense	12,738	19,520
Variable lease expense	45	1,174
Total	<u>\$ 126,811</u>	<u>\$ 104,278</u>

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Lease expense for the six months ended June 30, 2020 and 2019 was comprised of the following:

	June 30, 2020	June 30, 2019
Operating lease expense	\$ 227,290	\$ 130,035
Short-term lease expense	18,393	32,758
Variable lease expense	535	1,612
Total	<u>\$ 246,218</u>	<u>\$ 164,405</u>

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at June 30, 2020 and December 31, 2019 consist of the following:

	June 30, 2020	December 31, 2019
Accrued accounting and legal	\$ 371,784	\$ 118,783
Accrued reimbursements and travel	16,529	58,566
Accrued consulting	139,699	170,284
Accrued research and development expenses	2,215,505	230,035
Accrued product purchases	-	346,206
Accrued marketing	-	11,181
Accrued office and other	33,089	17,885
Accrued payroll	314,025	522,503
Accrued settlement related to arbitration	13,333	13,333
	<u>\$ 3,103,964</u>	<u>\$ 1,488,776</u>

NOTE 7 – SERIES C 9% CONVERTIBLE PREFERRED STOCK

Series C 9% Convertible Preferred Stock

On January 9, 2013, the Board of Directors authorized the issuance of up to 4,200 shares of 9% Series C Convertible Preferred Stock (the “Series C Preferred Stock”).

The Series C Preferred Stock is entitled to preference over holders of junior stock upon liquidation in the amount of \$1,000 plus any accrued and unpaid dividends; entitled to dividends as a preference to holders of junior stock at a rate of 9% per annum of the stated value of \$1,000 per share, payable quarterly beginning on September 30, 2013 and are cumulative. The holders of the Series C Preferred Stock vote together with the holders of our common stock on an as-converted basis but may not vote the Series C Preferred Stock in excess of the beneficial ownership limitation of the Series C Preferred Stock. The beneficial ownership limitation is 4.99% of our then outstanding shares of common stock following such conversion or exercise, which may be increased to up to 9.99% of our then outstanding shares of common stock following such conversion or exercise upon the request of an individual holder. The beneficial ownership limitation is determined on an individual holder basis, such that the as-converted number of shares of one holder is not included in the shares outstanding when calculating the limitation for a different holder.

As a result of an amendment to the conversion price of our Series C Preferred Stock, the conversion price effective as of June 30, 2020 and December 31, 2019 was \$0.75 per share, subject to certain reset provisions.

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The Series C Preferred Stock contains triggering events which would, among other things, require redemption (i) in cash, at the greater of (a) 120% of the stated value of \$1,000 or (b) the product of (I) the variable weighted average price of our common stock on the trading day immediately preceding the date of the triggering event and (II) the stated value divided by the then conversion price or (ii) in shares of our common stock, equal to a number of shares equal to the amount set forth in (i) above divided by 75%. As of June 30, 2020, the aggregate stated value of our Series C Preferred Stock was \$105,000. The triggering events include our being subject to a judgment of greater than \$100,000 or our initiation of bankruptcy proceedings. If any of the triggering events contained in our Series C Preferred Stock occur, the holders of our Series C Preferred Stock may demand redemption, an obligation the Company may not have the ability to meet at the time of such demand. The Company will be required to pay interest on any amounts remaining unpaid after the required redemption of our Series C Preferred Stock, at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law. Accordingly, the Company has classified the Series C Preferred Stock as a mezzanine obligation in the accompanying consolidated balance sheets.

In January 2020, the Company issued 3,750 shares of its common stock in exchange for 10 shares of the Company's Series C Preferred Stock and accrued dividends.

In April 2020, the Company issued 41,100 shares of its common stock in exchange for 100 shares of the Company's Series C Preferred Stock and accrued dividends.

NOTE 8 – STOCKHOLDER EQUITY

Preferred stock

The Company is authorized to issue 1,000,000 shares of \$0.001 par value preferred stock. As of June 30, 2020, and December 31, 2019, the Company has designated 200 shares of Series A preferred stock, 600 shares of Series B preferred stock, 4,200 shares of Series C Preferred Stock, 1,400 shares of Series D Preferred Stock and 1,000 shares of Series E Preferred Stock. As of June 30, 2020 and December 31, 2019, there were no outstanding shares of Series A, Series B, Series D, Series E and Series F preferred stock.

Series F Preferred Stock

On July 14, 2018, the Board of Directors of BioSig authorized the issuance of up to 200,000 shares of Series F Junior Participating Preferred Stock (the "Series F Preferred Stock") with a par value of \$0.001 and accordingly, the Company filed the Certificate of Designations for the Series F Preferred Stock with the Secretary of State of the State of Delaware. Pursuant to such Certificate of Designations, in the event of the Company's liquidation or winding up of its affairs, no liquidating distribution shall be made to the holders of shares of capital stock ranking junior to the Series F Preferred Stock unless, prior thereto, the holders of shares of Series F Preferred Stock shall have received an amount per share of Series F Preferred Stock (the "Series F Liquidation Preference") equal to the greater of (i) \$1,000.00 plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, and (ii) the Adjustment Number (as defined in the Certificate of Designations) times the per share amount of all cash and other property to be distributed in respect of the Common Stock upon such liquidation, dissolution or winding up of the Corporation.

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Dividends and Distributions

Subject to the prior and superior rights of the holders of any shares of any class or series of stock of the Company ranking prior and superior to the shares of Series F Preferred Stock with respect to dividends, the holders of shares of Series F Preferred Stock, in preference to the holders of shares of any class or series of stock of the Company ranking junior to the Series F Preferred Stock with respect to dividends, shall be entitled to receive, when, as and if declared by the Board of Directors an amount per share equal to the greater of (i) \$0.001 and (ii) the sum of (A) the Adjustment Number (as defined in the Certificate of Designations) times the aggregate per share amount of all cash dividends, plus (B) the Adjustment Number times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of common stock of the Corporation, commencing on the first dividend payment date after the first issuance of a share (or fraction thereof) of Series F Preferred Stock. Dividends shall begin to accrue and be cumulative on outstanding shares of Series F Preferred Stock from the Payment Date (as defined in the Certificate of Designations) as set forth in the Certificate of Designations.

Voting Rights

Each share of Series F Preferred Stock shall entitle the holder thereof to a number of votes equal to the Adjustment Number (as defined in the Certificate of Designations) on all matters submitted to a vote of the stockholders of the Company, and shall vote collectively with the holders of common stock of the Company as one class on all matters submitted to a vote of stockholders of the Company, except as provided by law or expressly set forth in the Certificate of Designations

Redemption Rights

The shares of Series F Preferred Stock shall not be redeemable.

Fractional Shares

Series F Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series F Preferred Stock.

Common stock

During the six months ended June 30, 2020, the Company issued an aggregate of 134,334 shares of its common stock for vested restricted stock units as stock-based compensation.

On February 25, 2020, the Company entered into securities purchase agreements with investors pursuant to which the Company issued 2,500,000 shares of common stock for aggregate proceeds of \$9,052,331, net of \$947,669 in expenses.

On June 24, 2020, the Company entered into securities purchase agreements with investors pursuant to which the Company issued 2,187,500 shares of common stock for aggregate proceeds of \$16,161,980, net of \$1,338,020 in expenses.

During the six months ended June 30, 2020, the Company issued 15,038 shares of common stock for services at a fair value of \$1,082,274.

During the six months ended June 30, 2020, the Company issued 269,820 shares of common stock in exchange for proceeds of \$1,034,296 from the exercise of warrants.

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During the six months ended June 30, 2020, the Company issued 478,451 shares of common stock in exchange for proceeds of \$2,229,480 from the exercise of options.

During the six months ended June 30, 2020, the Company issued 12,840 shares of common stock in exchange for the exercise of 37,841 cashless exercises of warrants.

During the six months ended June 30, 2020, the Company issued 160,743 shares of common stock in exchange for the exercise of 616,398 cashless exercises of options.

NOTE 9 – OPTIONS, RESTRICTED STOCK UNITS AND WARRANTS

BioSig Technologies, Inc.

2012 Equity Incentive Plan

On October 19, 2012, the Board of Directors of BioSig Technologies, Inc. approved the 2012 Equity Incentive Plan (“the “Plan”) and terminated the Long-Term Incentive Plan (the “2011 Plan”). The Plan provides for the issuance of options, stock appreciation rights, restricted stock and restricted stock units to purchase up to 11,974,450 (as amended) shares of the Company’s common stock to officers, directors, employees and consultants of the Company. Under the terms of the Plan the Company may issue Incentive Stock Options as defined by the Internal Revenue Code to employees of the Company only and nonstatutory options. The Board of Directors of the Company or a committee thereof administers the Plan and determines the exercise price, vesting and expiration period of the grants under the Plan.

However, the exercise price of an Incentive Stock Option should not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more stockholder and 100% of fair value for a grantee who is not 10% stockholder. The fair value of the common stock is determined based on the quoted market price or in absence of such quoted market price, by the administrator in good faith.

Additionally, the vesting period of the grants under the Plan will be determined by the administrator, in its sole discretion, with an expiration period of not more than ten years. There are 3,387,855 shares remaining available for future issuance of awards under the terms of the Plan.

Options

Option valuation models require the input of highly subjective assumptions. The fair value of stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from an index of historical stock prices of comparable entities until sufficient data exists to estimate the volatility using the Company’s own historical stock prices. Management determined this assumption to be a more accurate indicator of value. The Company accounts for the expected life of options based on the contractual life of options for non-employees.

For employees, the Company accounts for the expected life of options in accordance with the “simplified” method, which is used for “plain-vanilla” options, as defined in the accounting standards codification. The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options. The fair value of stock-based payment awards during the six months ended June 30, 2020 was estimated using the Black-Scholes pricing model.

During the six months ended June 30, 2020, the Company granted an aggregate of 990,000 options to officers, directors and key consultants.

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The following table presents information related to stock options at June 30, 2020:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options	
\$ 2.51-5.00	1,981,965	8.4	1,514,262	
5.01-7.50	1,387,407	6.9	911,365	
7.51-10.00	298,333	7.3	175,692	
10.01-12.50	65,000	9.9	40,000	
	3,732,705	7.8	2,641,319	

A summary of the stock option activity and related information for the Plan for the six months ended June 30, 2020 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2019	3,980,804	\$ 5.58	6.3	\$ 3,130,791
Grants	990,000	4.96	10.0	-
Exercised	(1,094,849)	\$ 5.13		
Forfeited/expired	(143,250)	\$ 5.87		
Outstanding at June 30, 2020	3,732,705	\$ 5.52	7.80	\$ 7,105,273
Exercisable at June 30, 2020	2,641,319	\$ 5.48	7.24	\$ 5,092,066

The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on options with an exercise price less than the stock price of BioSig Technologies, Inc. of \$7.20 as of June 30, 2020, which would have been received by the option holders had those option holders exercised their options as of that date.

On January 10, 2020, BioSig Technologies, Inc. granted 60,000 options to purchase the company stock in connection with the services rendered at the exercise price of \$6.00 per share for a term of ten years with quarterly vesting beginning March 31, 2020 for three years.

On March 24, 2020, BioSig Technologies, Inc. granted 100,000 options to purchase the company stock in connection with the services rendered at the exercise price of \$2.96 per share for a term of ten years with 25,000 vesting immediately and 75,000 quarterly vesting beginning June 30, 2020 for two years.

On March 31, 2020, BioSig Technologies, Inc. granted 50,000 options to purchase the company stock in connection with the services rendered at the exercise price of \$3.73 per share for a term of ten years with vesting quarterly vesting beginning June 30, 2020 for three years.

On April 14, 2020, BioSig Technologies, Inc. granted an aggregate of 625,000 options to purchase the company stock to directors and an employee. The options are exercisable at \$4.66 per share for ten years and fully vested and exercisable at the date of grant. On April 14, 2020, BioSig Technologies, Inc. granted an aggregate of 90,000 options to purchase shares of its common stock to employees. The options are exercisable at \$6.66 per share for ten years and vest quarterly over three years.

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On May 20, 2020, BioSig Technologies, Inc. granted an aggregate of 65,000 options to purchase the company stock to consultants and an employee. The options are exercisable at \$10.49 per share for ten years with 40,000 fully vested and exercisable at the date of grant and 25,000 options vesting quarterly over three years.

The following assumptions were used in determining the fair value of options during the six months ended June 30, 2020:

Risk-free interest rate	0.42% - 1.83%
Dividend yield	0%
Stock price volatility	86.51% to 92.31%
Expected life	5 – 10 years
Weighted average grant date fair value	\$ 3.98

The fair value of all options vesting during the three and six months ended June 30, 2020 of \$,628,181 and \$4,251,874, and \$306,210 and \$499,444 for the three and six months ended June 30, 2019, respectively, was charged to current period operations. Unrecognized compensation expense of \$3,987,480 at June 30, 2020 will be expensed in future periods.

Warrants

The following table summarizes information with respect to outstanding warrants to purchase common stock of BioSig Technologies, Inc. at June 30, 2020:

Exercise Price	Number Outstanding	Expiration Date
\$ 3.75	299,803	July 2020 to January 2021
\$ 4.38	572,272	April 2021
\$ 4.80	125,000	February 2025
\$ 6.16	568,910	November 2027
\$ 6.85	198,842	July 2021 to August 2021
	<u>1,764,827</u>	

On February 25, 2020, BioSig Technologies, Inc. issued warrants to purchase 125,000 shares of its common stock at \$4.80 per share, expiring on February 21, 2025, for placement agent services in connection with the sale of the company's common stock.

A summary of the warrant activity for the six months ended June 30, 2020 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2019	2,744,718	\$ 5.40	2.2	\$ 3,410,763
Grants	125,000	4.80	4.7	
Exercised	(307,661)	\$ 3.91		
Expired	(797,230)	\$ 6.44	-	-
Outstanding at June 30, 2020	<u>1,764,827</u>	\$ 5.15	3.2	\$ 3,612,250
Vested and expected to vest at June 30, 2020	1,764,827	\$ 5.15	3.2	\$ 3,612,250
Exercisable at June 30, 2020	1,764,827	\$ 5.15	3.2	\$ 3,612,250

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The aggregate intrinsic value in the preceding tables represents the total pretax intrinsic value, based on options with an exercise price less than the company's stock price of \$7.20 of June 30, 2020, which would have been received by the option holders had those option holders exercised their options as of that date.

Restricted Stock

The following table summarizes the restricted stock activity for the six months ended June 30, 2020:

Restricted shares issued as of December 31, 2019	262,668
Granted	25,000
Vested and issued	(134,334)
Vested restricted shares as of June 30, 2020	(25,000)
Unvested restricted shares as of June 30, 2020	128,334

On March 30, 2020, the Company granted 25,000 restricted stock units for services vesting at June 30, 2020.

Stock based compensation expense related to restricted stock grants was \$428,820 and \$830,298 for the three and six months ended June 30, 2020 and \$477,239 and \$620,820 for the three and six months ended June 30, 2019, respectively. As of June 30, 2020, the stock-based compensation relating to restricted stock of \$13,935 remains unamortized.

ViralClear Pharmaceuticals, Inc.

2019 Long-Term Incentive Plan

On September 24, 2019, ViralClear's Board of Directors approved the 2019 Long-Term Incentive Plan (as subsequently amended, the "ViralClear Plan"). The ViralClear Plan was approved by BioSig as ViralClear's majority stockholder. The Plan provides for the issuance of options, stock appreciation rights, restricted stock and restricted stock units to purchase up to 4,000,000 shares of ViralClear's common stock to officers, directors, employees and consultants of the ViralClear. Under the terms of the Plan, ViralClear may issue Incentive Stock Options as defined by the Internal Revenue Code to employees of ViralClear only and nonstatutory options. The Board of Directors of ViralClear or a committee thereof administers the Plan and determines the exercise price, vesting and expiration period of the grants under the Plan.

However, the exercise price of an Incentive Stock Option should not be less than 110% of fair market value of the common stock at the date of the grant for a 10% or more stockholder and 100% of fair market value for a grantee who is not 10% stockholder. The fair market value of the common stock is determined based on the quoted market price or in absence of such quoted market price, by the administrator in good faith.

Additionally, the vesting period of the grants under the ViralClear Plan will be determined by the administrator, in its sole discretion, with an expiration period of not more than ten years. There are 487,827 shares remaining available for future issuance of awards under the terms of the Plan.

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ViralClear Options

A summary of the stock option activity and related information for the 2012 Plan for the six months ended June 30, 2020 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2019	575,000	\$ 5.00	9.29
Grants	1,599,173	\$ 5.31	9.84
Exercised	-		
Forfeited/expired			
Outstanding at June 30, 2020	2,174,173	\$ 5.23	9.69
Exercisable at June 30, 2020	1,870,665	\$ 5.02	9.67

The following table presents information related to stock options at June 30, 2020:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options	
\$ 5.00	2,074,173	9.7	1,862,332	
10.00	100,000	9.9	8,333	
	2,174,173	9.7	1,870,665	

The fair value of the stock-based payment awards was estimated using the Black-Scholes option model with a volatility figure derived from an index of historical stock prices of comparable entities with the market value of stock price based on recent sales. The Company accounts for the expected life of options in accordance with the "simplified" method, which is used for "plain-vanilla" options, as defined in the accounting standards codification. The risk-free interest rate was determined from the implied yields of U.S. Treasury zero-coupon bonds with a remaining life consistent with the expected term of the options.

On April 21, 2020, ViralClear granted 100,000 options to purchase shares of its common stock to a director. The options are exercisable at \$0.00 per share for ten years vest quarterly over three years.

On April 29, 2020, ViralClear granted an aggregate of 1,278,999 options to purchase shares of its common stock to directors and officers of the company. The options are exercisable at \$5.00 per share for ten years and fully vested and exercisable at the date of grant.

On May 5, 2020, ViralClear granted 120,174 options to purchase shares of its common stock to a director. The options are exercisable at \$0.00 for ten years vesting in 4 substantially equal installments on each of the three, six, nine and twelve month anniversaries of the date of grant.

On June 2, 2020, ViralClear granted 100,000 options to purchase shares of its common stock to a director. The options are exercisable at \$0.00 for ten years vesting quarterly over three years beginning June 30, 2020 with final vesting June 2, 2023.

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The following assumptions were used in determining the change in fair value of the ViralClear options for the six months ended June 30, 2020:

Risk-free interest rate	0.36% to 0.52%
Dividend yield	0%
Stock price volatility	125.16% to 126.03%
Expected life	5 – 6 years
Weighted average grant date fair value	\$ 4.29

The fair value of all options vesting during the three and six months ended June 30, 2020 of \$5,594,152 and \$5,594,152, and \$0 for the three and six months ended June 30, 2019, respectively, was charged to current period operations. Unrecognized compensation expense of \$1,612,568 at June 30, 2020 will be expensed in future periods.

Warrants (ViralClear)

The following table presents information related to warrants (ViralClear) at June 30, 2020:

Exercise Price	Number Outstanding	Expiration Date
\$ 5.00	473,772	November 2027
10.00	6,575	May 2025
	480,347	

On May 20, 2020, ViralClear issued warrants to purchase 6,575 shares of its common stock at \$10.00 per share, expiring on May 20, 2025, for placement agent services in connection with the sale of ViralClear's common stock.

Restricted stock units (ViralClear)

On March 25, 2020, the Company granted an aggregate of 338,000 restricted stock units to two ViralClear board members for services vesting immediately.

On March 30, 2020, the Company granted an aggregate of 960,000 restricted stock units to ViralClear board members and employees for services with 320,000 vesting immediately, and 640,000 vesting upon ViralClear meeting certain milestones.

The following table summarizes the restricted stock activity for the six months ended June 30, 2020:

Restricted shares issued as of December 31, 2019	40,000
Granted	1,298,000
Vested	-
Vested restricted shares as of June 30, 2020	658,000
Unvested restricted shares as of June 30, 2020	680,000

Stock based compensation expense related to restricted stock unit grants of ViralClear was \$1,572,581 and \$4,959,996 for the three and six months ended June 30, 2020 and \$0 for the three and six months ended June 30, 2019, respectively. As of June 30, 2020, the stock-based compensation relating to restricted stock of \$1,676,452 remains unamortized.

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NOTE 10 – NON-CONTROLLING INTEREST

On November 7, 2018, the Company formed ViralClear Pharmaceuticals, Inc., a Delaware Corporation, formerly known as NeuroClear Technologies, Inc. for the purpose to pursue additional applications of the PURE EP™ signal processing technology outside of electrophysiology and subsequently in 2020, which was repurposed to bring a broad-spectrum anti-viral agent against the COVID-19 virus to market (see below).

In 2019, ViralClear sold 896,690 shares of its common stock for net proceeds of \$,011,310 to fund initial operations. At December 31, 2019, the Company had a majority interest in ViralClear of 87.8%.

On March 24, 2020, ViralClear entered into an asset purchase agreement (the “Asset Purchase Agreement”) with Trek Therapeutics, PBC (“Trek”), a related party; entity controlled by a member of the Company’s board of directors. Pursuant to the Asset Purchase Agreement, Trek sold to ViralClear all right, title and interest of Trek and its affiliates to certain assets (the “Purchased Assets”). As consideration for the Purchased Assets, ViralClear agreed to pay Trek in upfront and milestone payments a combination of cash, shares of ViralClear’s common stock, which common stock may equal up to 10% of ViralClear’s outstanding equity, and sublicense fees in the event ViralClear sublicenses the Purchased Assets. On March 30, 2020, pursuant to the Asset Purchase Agreement, ViralClear paid \$ 350,000 in cash and issued 634,910 shares of ViralClear’s common stock valued at \$3,174,550 to Trek.

In connection with the asset purchase agreement with Trek Therapeutics, PBC, ViralClear is obligated to pay to Trek upon the receipt of United States Food and Drug Administration (“FDA”) granting ViralClear approval to manufacture and market COVID-19 antiviral containing compounds, as defined, on a commercial basis in the United States a sum of \$500,000 and 2.5% of the issued and outstanding shares of ViralClear’s common stock at the occurrence of the milestone event.

In addition, in the event of sublicensing, sale, transfer, assignment or similar transaction, ViralClear is obligated to pay to Trek 10% of the consideration received.

As part of the acquired assets, ViralClear received an assignment and licensing rights agreement from Trek with a third-party vendor regarding certain formulas and compounds usage. The agreement calls for milestone payments upon initiation of a phase 2 and phase 3 clinical trials, marketing authorization (as defined) in any first and second country of \$1 million, \$5 million, \$10 million and \$5 million, respectively, in addition to 5% royalty payments.

The common stock issued, and cash paid was accounted for as acquired research and development.

On April 8, 2020, ViralClear entered into a know-how license agreement (the “Agreement”) with Mayo Foundation for Medical Education and Research (“Mayo”). In connection with the Agreement, ViralClear issued to Mayo 259,959 shares of ViralClear’s common stock, par value \$0.001 per share.

On May 20, 2020, ViralClear entered into securities purchase agreements with investors pursuant to which the Company issued 1,068,550 shares of its common stock for aggregate proceeds of \$10,592,075, net of \$93,425 in expenses.

As of June 30, 2020, the Company had a majority interest in ViralClear of 69.4%.

A reconciliation of the ViralClear Pharmaceuticals, Inc. non-controlling loss attributable to the Company:

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Net loss attributable to the non-controlling interest for the three months ended June 30, 2020:

Net loss	\$ (13,110,521)
Average Non-controlling interest percentage of profit/losses	24.08%
Net loss attributable to the non-controlling interest	<u>\$ (3,158,025)</u>

Net loss attributable to the non-controlling interest for the six months ended June 30, 2020:

Net loss	\$ (20,731,849)
Average Non-controlling interest percentage of profit/losses	22.12%
Net loss attributable to the non-controlling interest	<u>\$ (4,585,838)</u>

ViralClear was a wholly owned subsidiary of the Company until August 2019.

The following table summarizes the changes in non-controlling interest for the six months ended June 30, 2020:

Balance, December 31, 2019	\$ 514,828
Allocation of equity to non-controlling interest due to equity-based compensation issued	2,413,354
Allocation of equity to non-controlling interest due to sale of common stock	3,467,709
Allocation of equity to non-controlling interest due to issuance of equity to acquire Trek and research and development	983,897
Net loss attributable to non-controlling interest	<u>(4,585,838)</u>
Balance, June 30, 2020	<u>\$ 2,793,950</u>

NOTE 11 — COMMITMENTS AND CONTINGENCIES

Operating leases

On October 1, 2019, the Company entered into a lease agreement whereby the Company leased approximately 1,400 square feet of office space in Rochester Minnesota commencing November 1, 2019 and expiring on October 31, 2021 at an initial rate of \$3,411 per month with escalating payments. The lease agreement includes an option to extend the lease for two additional periods of two years each past its initial term.

On August 14, 2019, the Company entered into a lease agreement whereby the Company leased storage space in the same building as our Los Angeles, California facilities, commencing September 1, 2019, and expiring on June 30, 2021, at an initial rate of \$235 per month with escalating payments. In connection with the lease, the Company paid a security deposit of \$250. There is no option to extend the lease past its initial term.

On April 12, 2019, the Company entered into a sublease agreement whereby the Company leased approximately 4,343 square feet of office space in Westport, Connecticut commencing May 1, 2019 and expiring on October 31, 2021 at an initial rate of \$18,277 per month, inclusive of a fixed utility charge, with escalating payments. In connection with the lease the Company paid a security deposit of \$68,764, of which \$34,382 represents the last two months of the term. There is no option to extend the lease past its initial term.

On May 22, 2018, the Company entered into a fifth lease amendment agreement, whereby the Company agreed to extend the lease for the original office space and expand with additional space in Los Angeles, California, commencing June 14, 2018 and expiring on June 30, 2021 at an initial rate of \$14,731 per month with escalating payments.

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Maturity analysis under these lease agreements are as follows:

Year ended December 31, 2020	\$	230,169
Year ended December 31, 2021		321,386
Total		551,555
Less: Present value discount		(27,694)
Lease liability	\$	523,861

Licensing agreements

2017 Know-how License Agreement

On March 15, 2017, the Company entered into a know-how license agreement with Mayo Foundation for Medical Education and Research whereby the Company was granted an exclusive license, with the right to sublicense, certain know how and patent applications in the field of signal processing, physiologic recording, electrophysiology recording, electrophysiology software and autonomics to develop, make and offer for sale. The agreement expires in ten years from the effective date.

The Company is obligated to pay to Mayo Foundation a 1% or 2% royalty payment on net sales of licensed products, as defined.

In consideration, the Company issued 252,000 warrants to acquire the Company's common stock at an exercise price of \$3.75, expiring on March 15, 2020. The warrant fully exercised in 2019.

Patent and Know-How License Agreement

On November 20, 2019, the Company entered into a patent and know-how license agreement (the "EP Software Agreement") with Mayo Foundation for Medical Education and Research ("Mayo"). The EP Software Agreement grants to the Company an exclusive worldwide license, with the right to sublicense, within the field of electrophysiology software and under certain patent rights as described in the EP Software Agreement (the "Patent Rights"), to make, have made, use, offer for sale, sell and import licensed products and a non-exclusive license to the Company to use the research and development information, materials, technical data, unpatented inventions, trade secrets, know-how and supportive information of Mayo to develop, make, have made, use, offer for sale, sell, and import licensed products. The EP Software Agreement will expire upon the later of either (a) the expiration of the Patent Rights or (b) the 10th anniversary of the date of the first commercial sale of a licensed product, unless earlier terminated by Mayo for the Company's failure to cure a material breach of the EP Software Agreement, the Company's or a sublicensee's commencement of any action or proceedings against Mayo or its affiliates other than for an uncured material breach of the EP Software Agreement by Mayo, or insolvency of the Company.

In connection with the EP Software Agreement, the Company issued to Mayo an 8-year warrant (the "EP Software Warrant") to purchase 284,455 shares of the Company's common stock at an exercise price of \$6.16. The EP Software Warrant is immediately exercisable and may be exercised on a cashless basis if there is no effective registration statement registering or a current prospectus available for the resale of the shares underlying the EP Software Warrant. The Company agreed to pay Mayo an upfront consideration of \$25,000. The Company also agreed to make earned royalty payments to Mayo in connection with the Company's sales of the licensed products to third parties and sublicense income received by the Company and to make milestone payments of up to \$625,000 in aggregate.

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Amended and Restated Patent and Know-How License Agreement

On November 20, 2019, the Company entered into an amended and restated patent and know-how license agreement (the “Tools Agreement”) with Mayo. The Tools Agreement contains terms of license grant substantially identical to the EP Software Agreement, although it is for different patent rights and covers the field of electrophysiology systems.

In connection with the Tools Agreement, the Company issued to Mayo an 8-year warrant (the “Tools Warrant”) to purchase 284,455 shares of the Company’s common stock at an exercise price of \$6.16. The Tools Warrant is immediately exercisable and may be exercised on a cashless basis if there is no effective registration statement registering or a current prospectus available for the resale of the shares underlying the Tools Warrant. The Company agreed to pay Mayo an upfront consideration of \$100,000. The Company also agreed to make earned royalty payments to Mayo in connection with the Company’s sales of the licensed products to third parties and sublicense income received by the Company and to make milestone payments of up to \$550,000 in aggregate.

ViralClear Patent and Know-How License Agreement

On November 20, 2019, the Company’s majority-owned subsidiary, ViralClear, entered into a patent and know-how license agreement (the “ViralClear Agreement”) with Mayo. The ViralClear Agreement contains terms of license grant substantially identical to the EP Software Agreement and the Tools Agreement, although it is for different patent rights and covers the field of stimulation and electroporation for hypotension/syncope management, renal and non-renal denervation for hypertension treatment, and for use in treatment of arrhythmias in the autonomic nervous system.

In connection with the ViralClear Agreement, NeuroClear issued to Mayo an 8-year warrant (the “ViralClear Warrant”) to purchase 473,772 shares of ViralClear’s common stock at an exercise price of \$5.00 per share. The ViralClear Warrant is immediately exercisable and may be exercised on a cashless basis if there is no effective registration statement registering or a current prospectus available for the resale of the shares underlying the ViralClear Warrant. ViralClear agreed to pay Mayo an upfront consideration of \$50,000. ViralClear also agreed to make earned royalty payments to Mayo in connection with ViralClear’s sales of the licensed products to third parties and sublicense income received by the Company and to make milestone payments of up to \$700,000 in aggregate.

Trek Therapeutics, PBC

In connection with the asset purchase agreement with Trek Therapeutics, PBC, ViralClear is obligated to pay to Trek upon the receipt of United States Food and Drug Administration (“FDA”) granting ViralClear approval to manufacture and market COVID-19 antiviral containing compounds, as defined, on a commercial basis in the United States a sum of \$500,000 and 2.5% of the issued and outstanding shares of ViralClear’s common stock at the occurrence of the milestone event.

In addition, in the event of sublicensing, sale, transfer, assignment or similar transaction, ViralClear is obligated to pay to Trek 10% of the consideration received.

As part of the acquired assets, ViralClear received an assignment and licensing rights agreement from Trek with a third-party vendor regarding certain formulas and compounds usage. The agreement calls for milestone payments upon initiation of a phase 2 and phase 3 clinical trials, marketing authorization (as defined with respect of product in a particular jurisdiction in the territory, the receipt of all approvals from the relevant regulatory authority necessary to market and sell such product in any such jurisdiction, excluding any pricing approval or reimbursement authorization) in any first and second country of \$1 million, \$5 million, \$10 million and \$5 million, respectively, in addition to 5% royalty payments. As of June 30, 2020, ViralClear is begun Phase II trials and accordingly includes \$1M due in accounts payable under this agreement .

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Mayo Foundation for Medical Education and Research Know-How Agreement

On April 8, 2020, ViralClear entered into the Agreement with Mayo. The Agreement grants to ViralClear (i) an exclusive worldwide license, with the right to sublicense, within the field of anti-viral agents to target COVID-19 (the “Field”) to certain patent rights for the development and commercialization of products, methods, and processes for public use and benefit (the “Licensed Products”) and (ii) a non-exclusive worldwide license, with the right to sublicense, within the Field, to use the know-how of Mayo that is necessary to develop the Licensed Products. The Agreement will expire upon the later of either (a) the expiration of the licensed patent rights or (b) the 7th anniversary of the date of the first commercial sale of a Licensed Product, unless earlier terminated by Mayo for ViralClear’s failure to cure a material breach of the Agreement, ViralClear’s or a sublicensee’s commencement of any action or proceedings against Mayo or its affiliates other than for an uncured material breach of the Agreement by Mayo, or insolvency of ViralClear.

In connection with the Agreement, ViralClear issued to Mayo 259,959 shares of ViralClear’s common stock, par value \$0.001 per share. ViralClear also agreed to make earned royalty payments to Mayo in connection with ViralClear’s sales of the Licensed Products along with milestone payments due upon initiation of Phase II of \$ 100,000 and regulatory approval of \$100,000.

3LP Advisors LLC (d/b/a Sherpa Technology Group)

On November 1, 2017, in connection with Mr. Filler joining the Company’s Board of Directors, the Company entered into a Master Services Agreement (the “Agreement”) with 3LP Advisors LLC (d/b/a Sherpa Technology Group) (“Sherpa”) and an initial statement of work (the “SOW”), pursuant to which Sherpa will develop, execute and expand the Company’s intellectual property strategy over the course of the next approximately 18 months by evaluating the business and technology landscape in which the Company operates, and charting and executing a strategy of patent filing and licensing. In connection with the SOW, the Company paid Sherpa fee of (i) \$200,000 in cash, of which \$25,000 will be paid on January 1, 2018, with the remainder paid upon completion of certain objectives, and (ii) a ten-year option to purchase up to 120,000 of the Company’s common stock at an exercise of \$3.75 per share of common stock, of which 60,000 options vest immediately and 60,000 options were performance conditioned and subsequently vested. Mr. Filler is the general counsel and partner of Sherpa.

During the three and six months ended June 30, 2020, the Company paid Sherpa \$72,500 and \$147,500 as patent costs, consulting fees and expense reimbursements. During the three and six months ended June 30, 2019, the Company paid Sherpa \$75,000 and \$150,000 as patent costs, consulting fees and expense reimbursements. As of June 30, 2020, and December 31, 2019, there was an unpaid balance of \$22,500 and \$27,623, respectively.

Employment agreements

As of June 30, 2020 and December 31, 2019, there are no outstanding employment agreements.

Defined Contribution Plan

Effective January 1, 2019, the Company established a qualified defined contribution plan (the “401(k) Plan”) pursuant to Section 401(k) of the Code, whereby all eligible employees may participate. Participants may elect to defer a percentage of their annual pretax compensation to the 401(k) plan, subject to defined limitations. The Company is required to make contributions to the 401(k) Plan equal to 3 percent of each participant’s eligible compensation, subject to limitations under the Code. For the three and six months ended June 30, 2020, the Company charged operations \$43,482 and \$81,683, and \$24,030 and \$38,810 for the three and six months ended June 30, 2019 for contributions under the 401(k) Plan.

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Purchase commitments

As of June 30, 2020, the Company had aggregate purchase commitments of approximately \$7.4M for future services or products, some of which are subject to modification or cancellations.

Litigation

The Company is subject at times to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity. There was no outstanding litigation as of December 31, 2019.

Broker-dealer agreement

On March 30, 2020, the Company's subsidiary, ViralClear entered into an engagement agreement with Weild & Co, a FINRA-registered broker-dealer controlled by a member of the Company's board of directors to act as ViralClear's non-exclusive agent to provide investment banking and financial advisory services to assist ViralClear in a potential financing transaction for an initial term of 9 months.

In connection with the engagement agreement, ViralClear agreed to pay Weild & Co a 5% cash and a 5% warrant or other securities of the aggregate subscriptions placed by Weild & Co. No costs have been incurred as of the date of this filing. No cash or warrant fees have been paid under this agreement.

NOTE 12 — SEGMENT REPORTING

In accordance with ASC 280-10, the Company reports segment information based on the "management" approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company's reportable segments. The Company has two reportable segments: BioSig Technologies, Inc. (parent) and ViralClear Pharmaceuticals, Inc.

Information concerning the operations of the Company's reportable segments is as follows:

Summary Unaudited condensed consolidated Statement of Operations for the three months ended June 30, 2020:

	BioSig Technologies, Inc	ViralClear Pharmaceuticals, Inc.	Total
Operating expenses:			
Research and development	\$ 1,086,981	\$ 4,631,203	\$ 5,718,184
General and administrative	8,128,652	8,479,559	16,608,211
Depreciation and amortization	<u>22,208</u>	<u>-</u>	<u>22,208</u>
Total operating expenses	9,237,841	13,110,762	22,348,603
Loss from Operations	(9,237,841)	(13,110,762)	(22,348,603)
Other income:			
Interest income and other income, net	<u>2,051</u>	<u>242</u>	<u>2,293</u>
Net loss	\$ (9,235,790)	\$ (13,110,520)	\$ (22,346,310)

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Summary Unaudited condensed consolidated Statement of Operations for the six months ended June 30, 2020:

	BioSig Technologies, Inc	ViralClear Pharmaceuticals, Inc.	Total
Operating expenses:			
Research and development	\$ 2,413,984	\$ 8,230,914	\$ 10,644,898
General and administrative	11,948,090	12,515,341	24,463,431
Depreciation and amortization	43,223	-	43,223
Total operating expenses	14,405,297	20,746,255	35,151,552
Loss from Operations	(14,405,297)	(20,746,255)	(35,151,552)
Other income:			
Interest and other income, net	27,462	14,407	41,869
Net loss	\$ (14,377,835)	\$ (20,731,848)	\$ (35,109,683)

Property and equipment is held by BioSig Technologies, Inc. segment.

NOTE 13 – RELATED PARTY TRANSACTIONS

At June 30, 2020 and December 31, 2019, the Company had reimbursable travel, compensation and other related expenses due related parties of \$97,645 and \$39,674, respectively.

On November 1, 2017, in connection with Mr. Filler joining the Company's Board of Directors, the Company entered into a Master Services Agreement (the "Agreement") with 3LP Advisors LLC (d/b/a Sherpa Technology Group) ("Sherpa") and an initial statement of work (the "SOW"), pursuant to which Sherpa will develop, execute and expand the Company's intellectual property strategy over the course of the next approximately 18 months by evaluating the business and technology landscape in which the Company operates, and charting and executing a strategy of patent filing and licensing. In connection with the SOW, the Company paid Sherpa fee of (i) \$200,000 in cash, of which \$25,000 was paid on January 1, 2018, with the remainder to be paid upon completion of certain objectives, and (ii) a ten-year option to purchase up to 120,000 of the Company's common stock at an exercise of \$3.75 per share of common stock, of which 60,000 options vest immediately and 60,000 options were performance conditioned and subsequently vested. Mr. Filler is the general counsel and partner of Sherpa.

During the three and six months ended June 30, 2020, the Company paid Sherpa \$72,500 and \$147,500 as patent costs, consulting fees and expense reimbursements. During the three and six months ended June 30, 2019, the Company paid Sherpa \$75,000 and \$150,000 as patent costs, consulting fees and expense reimbursements. As of June 30, 2020, and December 31, 2019, there was an unpaid balance of \$22,500 and \$27,623, respectively.

On March 30, 2020, the Company's subsidiary, ViralClear entered into an engagement agreement with Weild & Co, a FINRA-registered broker-dealer controlled by a member of the Company's board of directors to act as ViralClear's non-exclusive agent to provide investment banking and financial advisory services to assist ViralClear in a potential financing transaction for an initial term of 9 months.

In connection with the engagement agreement, ViralClear agreed to pay Weild & Co a 5% cash and a 5% warrant or other securities of the aggregate subscriptions placed by Weild & Co. No costs have been incurred as of the date of this filing. No cash or warrant fees have been paid under this agreement.

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As described in Notes 1 and 10 above, on March 24, 2020, ViralClear entered into an asset purchase agreement with Trek Therapeutics, PBC, an entity controlled by a member of the Company's board of directors. Pursuant to the Asset Purchase Agreement, Trek sold to ViralClear all right, title and interest of Trek and its affiliates to certain assets. As consideration for the Purchased Assets, ViralClear agreed to pay Trek in upfront and milestone payments a combination of cash, shares of ViralClear's common stock.

NOTE 14 – FAIR VALUE MEASUREMENT

The Company adopted the provisions of Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10"). ASC 825-10 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance. ASC 825-10 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 825-10 establishes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

All items required to be recorded or measured on a recurring basis are based upon level 3 inputs.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is disclosed and is determined based on the lowest level input that is significant to the fair value measurement.

The carrying value of the Company's cash and cash equivalents, accounts payable and other current assets and liabilities approximate fair value because of their short-term maturity.

As of June 30, 2020 and December 31, 2019, the Company did not have any items that would be classified as level 1, 2 or 3 disclosures.

As of June 30, 2020 and December 31, 2019, the Company did not have any derivative instruments that were designated as hedges.

There were no derivative and warrant liability as of June 30, 2020 and December 31, 2019.

BIOSIG TECHNOLOGIES, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020
(unaudited)

NOTE 15 – SUBSEQUENT EVENTS

Formation of subsidiary

On July 2, 2020, the Company formed NeuroClear Technologies, Inc. (“NeuroClear”), a Delaware Corporation, for the purpose to pursue additional applications of the PURE EP™ signal processing technology outside of electrophysiology.

Equity transactions

On July 1, 2020, BioSig Technologies, Inc. issued 25,000 shares of its common stock for vested restricted stock units.

In July 2020, BioSig Technologies, Inc. issued an aggregate of 303,000 shares of its common stock to for services.

On July 1, 2020, BioSig Technologies, Inc. issued 30,000 shares of its common stock to a consultant for services rendered valued at \$14,800.

In July 2020, BioSig Technologies, Inc. issued 104,201 shares of its common stock in exchange for aggregate proceeds of \$403,823.75 from the exercise of warrants.

On July 10, 2020, BioSig Technologies, Inc. issued 9,375 shares of its common stock in exchange for proceeds of \$7,750 from the exercise of options.

On July 8, 2020, BioSig Technologies, Inc. granted 50,000 shares of its restricted common stock to a director at a cost basis of \$.12 per share.

On July 13, 2020, ViralClear Pharmaceuticals, Inc. granted 82,716 shares of its restricted stock units vesting monthly over one year.

On July 14, 2020, BioSig Technologies, Inc. granted 50,000 shares of its restricted stock units vesting over three years with 16,666 vesting on the first anniversary of the date of grant, and the remaining 33,334 vest in substantially equal quarterly installments.

Shareholder Rights Plan

On July 14, 2020, BioSig’s Board of Directors adopted a shareholder rights plan and declared a dividend of one preferred share purchase right for each outstanding share of BioSig’s common stock to shareholders of record on July 27, 2020, and one right will be issued for each new share of common stock issued thereafter. Each right will initially trade with common stock and will allow its holder to purchase from BioSig one one-thousandth of a share of Series F Junior Participating Preferred stock, par value \$0.001 per share, for an exercise price of \$50.00, once the rights become exercisable. In the event that a person or group acquires beneficial ownership of 12% or more of BioSig’s then outstanding common stock, subject to certain exceptions, each right would entitle its holder (other than such person or members of such group) to purchase additional shares of BioSig’s common stock having a market value of two times the exercise price of the right. In addition, at any time after a person or group acquires 12% or more of BioSig’s outstanding common stock (unless such person or group acquires 50% or more), the Board may exchange one share of BioSig’s common stock for each outstanding right (other than rights owned by such person or group, which would have become void). If BioSig is acquired in a merger or other business combination after an acquiring person acquires 12% or more of BioSig’s common stock, each holder of the rights would thereafter have the right to purchase a number of shares of common stock of the acquiring corporation having a market value of two times the exercise price of the right. The Board may redeem the rights for \$0.001 per right, subject to adjustment, at any time before any person or group becomes an Acquiring Person (as defined in the Rights Agreement, dated as of July 14, 2020). The rights have a de minimis fair value. The rights will expire on July 13, 2021, unless terminated earlier by BioSig’s Board of Directors.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations includes a number of forward-looking statements that reflect Management's current views with respect to future events and financial performance. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. Important factors currently known to Management could cause actual results to differ materially from those in forward-looking statements. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time. We believe that our assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions. Factors that could cause differences include, but are not limited to, expected market demand for our products, fluctuations in pricing for materials, and competition.

Business Overview

BioSig Technologies, Inc.

We are a commercial stage medical device company that is commercializing a proprietary biomedical signal processing technology platform to extract information from physiologic signals. Our initial emphasis is on providing intracardiac signal information to electrophysiologists during electrophysiology ("EP") studies and cardiac catheter ablation procedures for atrial fibrillation ("AF") and ventricular tachycardia ("VT"). Cardiac catheter ablation is a procedure that involves delivery of energy through the tip of a catheter that scars or destroys heart tissue in order to correct heart rhythm disturbances. In August 2018, we received 510(k) clearance from the U.S. Food and Drug Administration (the "FDA") to market our PURE (Precise Uninterrupted Real-time evaluation of Electrograms) EP System.

The PURE EP™ System is a proprietary signal acquisition and processing technology. The device is a computerized system intended for acquiring, digitizing, amplifying, filtering, measuring and calculating, displaying, recording and storing of electrocardiographic and intracardiac signals for patients undergoing EP procedures in an EP laboratory under the supervision of licensed healthcare practitioners who are responsible for interpreting the data. The device aims to minimize noise and artifacts from cardiac recordings and acquire high-fidelity cardiac signals. Improving fidelity of acquired cardiac signals may potentially increase the diagnostic value of these signals, thereby possibly improving accuracy and efficiency of the EP studies and related procedures.

Our initial focus is on improving intracardiac signal acquisition and enhancing diagnostic information for catheter ablation procedures for complex and potentially life-threatening arrhythmias like AF, the most common cardiac arrhythmia, and VT, an arrhythmia evidenced by a fast heart rhythm originating from the lower chambers of the heart.

We believe that the PURE EP System and its advanced signal processing tools may contribute to improvements in patient outcomes in connection with catheter ablation due to the following advantages over the EP recording systems currently available on the market:

- acquisition of raw cardiac signals enabled by proprietary system architecture;
- preserved signal fidelity;
- user interface optimized for enhanced visualization; and
- very low noise, maximum frequency bandwidth and wide dynamic range

We believe that these features may allow physicians to better determine precise ablation targets, strategy and end point of procedures with the objective of reducing the need for multiple procedures. The PURE EP System is intended to operate in conjunction with the existing EP lab equipment.

To date, we have conducted a total of twenty-four pre-clinical studies with the PURE EP System, twenty-one of which were conducted at Mayo Clinic in Rochester, Minnesota. We also conducted a pre-clinical study at the Mount Sinai Hospital in New York, NY with an emphasis on the VT model; and two pre-clinical studies at the University of Pennsylvania in preparation for clinical studies to be conducted there. We intend to continue to conduct additional clinical external evaluation at a select number of centers. We also intend to continue additional research studies with our technology at Mayo Clinic.

In November 2019, we commenced our first clinical study for the PURE EP System titled, “Novel Cardiac Signal Processing System for Electrophysiology Procedures (PURE EP 2.0 Study).” Texas Cardiac Arrhythmia Research Foundation (TCARF) in Austin, Texas, is the first institution to conduct patient cases under the clinical study. On January 16, 2020, we announced that we installed a PURE EP System at Mayo Clinic Jacksonville, FL. Mayo Clinic is the second institution to conduct patient cases under the same clinical study. To date, 54 patients have been enrolled in the study.

Leading up to a new Medical Device Regulation that was due to enter into full force in 2020, but has since been put on hold for one year, the European Notified Bodies were reporting delays in accepting and processing new applications throughout 2019. Given the potential issues or further delays as a result of the ongoing global COVID-19 pandemic and our focus and priority on commercialization activities in the United States, we plan to commence audit preparation for the International Organization for Standardization (“ISO”) 13485 and Medical Device Single Audit Program certification with the expectation to proceed with the audit to obtain the ISO 13485 Certification and CE Mark in first half of 2021 and the Medical Device Single Audit Program certification in the second half of 2021.

While we presently do not have any paying customers, we are making all preparations we believe are needed to commence sales of our initial product in the immediate future. We anticipate that our initial customers will be medical centers of excellence and other health care facilities that operate EP labs.

ViralClear Pharmaceuticals, Inc.

ViralClear Pharmaceuticals, Inc. is a majority-owned subsidiary of the Company, formerly known as NeuroClear Technologies, Inc. which was an early stage medical device company developing an advanced biomedical signal recording and processing technology platform for electroneurogram (ENG) recordings based on the core competencies of the PURE (Precise Uninterrupted Real-time evaluation of Electrograms) EPT[™] signal processing technology, such as broad dynamic range of recorded signals and low signal-to-noise ratio. In March 2020, NeuroClear was renamed to ViralClear and repurposed to bring a broad-spectrum antiviral agent against the SARS-COV-2 (COVID-19) virus to market. As of June 30, 2020, the Company had a majority interest in ViralClear of 69.4%. Currently ViralClear is developing merimepodib (MMPD), a broad-spectrum, host-directed antiviral candidate acquired from Trek Therapeutics, PBC (“Trek”), a related party in March 2020, with activity against COVID-19 in cell cultures.

Merimepodib targets a host enzyme required for guanosine synthesis, IMPDH. The molecule has activity against a broad spectrum of RNA and DNA viruses; it was previously in development as a treatment for chronic hepatitis C and psoriasis by Vertex Pharmaceuticals Incorporated (Vertex) involving more than 400 subjects. In April 2020, ViralClear published first pre-clinical data generated under contract with Galveston National Laboratory at The University of Texas Medical Branch.

A manuscript entitled, “The IMPDH inhibitor merimepodib suppresses SARS-COV-2 replication in vitro” was authored by Natalya Bukreyeva, Emily K. Mantlo, Rachel A. Sattler, Cheng Huang, Slobodan Paessler, DVM, Ph.D of the UTMB Galveston National Laboratory and Jerome Zeldis, M.D., Ph.D of ViralClear. In-vitro studies referenced in the manuscript determined that merimepodib decreased viral production by over 98%. Additional data was published in F1000 Research, which indicated that merimepodib in combination with remdesivir completely decreased SARS-CoV-2 production in the Vero Cell model. The article entitled, “*The IMPDH inhibitor merimepodib provided in combination with the adenosine analogue remdesivir reduces SARS-CoV-2 replication to undetectable levels in vitro*” was authored by Natalya Bukreyeva, Rachel A. Sattler, Emily K. Mantlo, Timothy Wanninger, John T. Manning, Cheng Huang and Slobodan Paessler of the UTMB Galveston National Laboratory and Dr. Jerome Zeldis.

The Company is pursuing development of merimepodib for the treatment of COVID-19 through FDA-approved clinical trials that commenced in Q2 2020. In May 2020, the FDA cleared the Investigational New Drug Application to enable the Company to proceed its proposed Phase II study of merimepodib oral solution in adults with COVID-19 who are hospitalized and either require supplemental oxygen or are on non-invasive ventilation or high flow oxygen devices. The first clinical trial is currently enrolling patients at three Mayo Clinic sites (Phoenix, AZ, Jacksonville, FL, and Rochester, MN), Atlantic Health System in both Morristown, NJ and Summit, NJ, and St. David's South Austin Medical Center. This phase 2 randomized, double-blind, placebo-controlled study will enroll approximately 40 adult patients with advanced coronavirus disease 2019 (COVID-19), who have a score of 3 or 4 on the National Institute of Allergy and Infectious Disease (NIAID) 8-point ordinal scale and at least one of the following: fever, cough, sore throat, malaise, headache, muscle pain, shortness of breath at rest or with exertion, confusion or symptoms of severe lower respiratory symptoms. Approximately 40 patients will be randomized 1:1 to receive oral administration of MMPD with remdesivir or placebo with remdesivir, which design is intended to evaluate the potential synergy between merimepodib and remdesivir in clinical setting. In July 2020, enrollment of adult patients began for ViralClear's additional trial in the outpatient setting with just merimepodib at four trial sites located in Austin, TX, Rochester, MN, Jacksonville, FL, and Scottsdale, AZ.

On June 22, 2020, ViralClear entered into an agreement with Catalent, Inc. to work on the development of a potential treatment for adults with advanced COVID-19. Under the terms of the agreement, Catalent will be developing two oral dosage forms of MMPD: a solution and a solid oral dosage form. ViralClear is also partnering with Albany Molecular Research Inc. for support in undertaking research to investigate the potential of merimepodib to fight SARS-CoV-2, either as a standalone treatment or in combination with other anti-viral agents or immune modulators.

Change in the Independent Registered Public Accounting Firm.

Effective as of June 24, 2020, Liggett & Webb, P.A. ("Liggett & Webb") was dismissed as the Company's independent registered public accounting firm, and Friedman LLP ("Friedman") was engaged as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2020.

Liggett & Webb's audit reports on the consolidated financial statements of the Company for the two most recent fiscal years, ended December 31, 2018 and December 31, 2019, did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles, except for the audit report on the consolidated financial statements of the Company as of and for the year ended December 31, 2018, which included an explanatory paragraph describing conditions that raise substantial doubt about the Company's ability to continue as a going concern.

During the two most recent fiscal years, ended December 31, 2018 and December 31, 2019, and through June 24, 2020, the date of Liggett & Webb's dismissal, there were no disagreements, as defined in Item 304(a)(1)(iv) of Regulation S-K, with Liggett & Webb on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, had it not been resolved to the satisfaction of Liggett & Webb, would have caused Liggett & Webb to make reference thereto in its reports on the Company's consolidated financial statements for such periods. During the same periods, there have been no "reportable events," as that term is described in Item 304(a)(1)(v) of Regulation S-K.

Prior to the appointment of Friedman, neither the Company nor anyone on its behalf had consulted with Friedman with respect to (i) the application of accounting principles to any specified transaction, either completed or proposed or the type of audit opinion that might be rendered on the Company's consolidated financial statements, and neither a written report nor oral advice was provided to the Company that Friedman concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing, or financial reporting issue, or (ii) any matter that was either the subject of a "disagreement," as defined in Item 304(a)(1)(iv) of Regulation S-K, or a "reportable event," as defined in Item 304(a)(1)(v) of Regulation S-K.

Recent Developments

Shareholder Rights Plan

On July 14, 2020, BioSig's Board of Directors adopted a shareholder rights plan and declared a dividend of one preferred share purchase right for each outstanding share of BioSig's common stock to shareholders of record on July 27, 2020, and one right will be issued for each new share of common stock issued thereafter. Each right will initially trade with common stock, and will allow its holder to purchase from BioSig one one-thousandth of a share of Series F Junior Participating Preferred stock, par value \$0.001 per share, for an exercise price of \$50.00, once the rights become exercisable. In the event that a person or group acquires beneficial ownership of 12% or more of BioSig's then outstanding common stock, subject to certain exceptions, each right would entitle its holder (other than such person or members of such group) to purchase additional shares of BioSig's common stock having a market value of two times the exercise price of the right. In addition, at any time after a person or group acquires 12% or more of BioSig's outstanding common stock (unless such person or group acquires 50% or more), the Board may exchange one share of BioSig's common stock for each outstanding right (other than rights owned by such person or group, which would have become void). If BioSig is acquired in a merger or other business combination after an acquiring person acquires 12% or more of BioSig's common stock, each holder of the rights would thereafter have the right to purchase a number of shares of common stock of the acquiring corporation having a market value of two times the exercise price of the right. The Board may redeem the rights for \$0.001 per right, subject to adjustment, at any time before any person or group becomes an Acquiring Person (as defined in the Rights Agreement, dated as of July 14, 2020). The rights have a de minimis fair value. The rights will expire on July 13, 2021, unless terminated earlier by BioSig's Board of Directors.

Series F Junior Participating Preferred Stock

BioSig designated 200,000 shares of its previously authorized preferred stock with a par value of \$0.001 per share as Series F Junior Participating Preferred Stock. No Series F Junior Participating Preferred Stock was issued and outstanding as of date of filing of this report.

Results of Operations

We anticipate that our results of operations will fluctuate for the foreseeable future due to several factors, such as the progress of our research and development and commercialization efforts and the timing and outcome of future regulatory submissions and uncertainly around the current pandemic. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the three months ended June 30, 2020 and 2019.

Research and Development Expenses. Research and development expenses for the three months ended June 30, 2020 were \$5,718,184, an increase of \$3,900,225, or 214.5%, from \$1,817,959 for the three months ended June 30, 2019. This increase is primarily due to entering into a know-how license agreement with Mayo Foundation for Medical Education and Research ("Mayo") for 259,959 shares of ViralClear's common stock and licensing rights and agreement obligations of \$1,299,795. In addition, we incurred significant R&D costs with product development in the ViralClear segment. Research and development expenses were comprised of the following:

Three months ended:

	June 30, 2020	June 30, 2019
Salaries and equity compensation	\$ 756,726	\$ 736,352
Consulting expenses	1,144,698	195,995
Research studies and design work	318,625	799,994
Acquired Research and Development	2,355,411	-
Data/AI development	126,000	-
Regulatory	5,280	-
Product development	833,145	-
Formulation	114,894	-
Travel, supplies, other	63,405	85,618
Total	<u>\$ 5,718,184</u>	<u>\$ 1,817,959</u>

Stock based compensation for research and development personnel was \$273,686 and \$411,288 for the three months ended June 30, 2020 and 2019, respectively.

On April 8, 2020, ViralClear entered into a know-how license agreement (the "Agreement") with Mayo. The Agreement grants to ViralClear (i) an exclusive worldwide license, with the right to sublicense, within the field of anti-viral agents to target COVID-19 (the "Field") to certain patent rights for the development and commercialization of products, methods, and processes for public use and benefit (the "Licensed Products") and (ii) a non-exclusive worldwide license, with the right to sublicense, within the Field, to use the know-how of Mayo that is necessary to develop the Licensed Products.

The Agreement will expire upon the later of either (a) the expiration of the licensed patent rights or (b) the 7th anniversary of the date of the first commercial sale of a Licensed Product, unless earlier terminated by Mayo for ViralClear's failure to cure a material breach of the Agreement, ViralClear's or a sublicensee's commencement of any action or proceedings against Mayo or its affiliates other than for an uncured material breach of the Agreement by Mayo, or insolvency ViralClear.

In connection with the Agreement, ViralClear issued to Mayo 259,959 shares of ViralClear's common stock, par value \$0.001 per share. ViralClear also agreed to make earned royalty payments to Mayo in connection with ViralClear's sales of the Licensed Products along with certain milestone payments.

General and Administrative Expenses. General and administrative expenses for the three months ended June 30, 2020 were \$16,608,211, an increase of \$10,447,399, or 169.6%, from \$6,160,812 incurred in the three months ended June 30, 2019. This increase is primarily due to an increase in employee performance pay and staff in the current period as compared to the same period in the prior year and additional service provider fees paid.

Payroll related expenses increased to \$2,185,207 in the current period from \$1,264,485 for the three months ended June 30, 2019, an increase of \$920,722. The increase was due to performance pay and added staff in the later part of 2019 and 2020 for commercialization and support personnel and additional personnel hired by ViralClear. We incurred \$11,058,323 in stock-based compensation in connection with the vesting of stock and stock options issued to board members, officers, employees and consultants for the three months ended June 30, 2020 as compared to \$2,996,384 in stock-based compensation for the same period in 2019.

Professional services for the three months ended June 30, 2020 totaled \$673,285, an increase of \$415,078, or 160.8%, over the \$258,207 recognized for the three months ended June 30, 2019. Of professional services, legal fees totaled \$568,285 for the three months ended June 30, 2020; an increase of \$323,578 or 132.2% from \$244,707 incurred for the three months ended June 30, 2019. The primary increase was due to costs incurred with financing not consummated and capital raise, contract work, ViralClear organization and patent filings in 2020 as compared to 2019. Accounting fees incurred in the three months ended June 30, 2020 amounted to \$105,000, an increase of \$91,500 or 677.8%, from \$13,500 incurred in same period last year. In 2020, we incurred additional audit costs associated with internal control and ViralClear audits in addition to our yearend requirements.

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Consulting, public and investor relations fees for the three months ended June 30, 2020 were \$1,527,946 as compared to \$823,301 incurred for the three months ended June 30, 2019. The increase in consulting, marketing and investor relations fees during the three months ended June 30, 2020 related to our continued efforts to develop our recognition throughout the medical industry in an effective manner.

Travel, meals and entertainment costs for the three months ended June 30, 2020 were \$49,365, a decrease of \$136,942, or 73.5%, from \$186,307 incurred in the three months ended June 30, 2019. Travel, meals and entertainment costs include travel related to business development and financing. The decrease in 2020 was due to various restrictions imposed by the COVID-19 outbreak as compared to 2019.

Rent for the three months ended June 30, 2020 totaled \$118,876, an increase of \$14,618 or 14.0%, from \$104,258 incurred in three months ended June 30, 2019. The increase in rent for 2020 as compared to 2019 is due primarily adding an office in Rochester, MN, net with reduction in the Norwalk, CT office.

Depreciation and Amortization Expense. Depreciation and amortization expense for the three months ended June 30, 2020 totaled \$22,208, an increase of \$12,229, or 122.5%, over the expense of \$9,979 incurred in the three months ended June 30, 2019, as a result of the adding additional office computers and other equipment.

Preferred Stock Dividend. Preferred stock dividend for the three months ended June 30, 2020 totaled \$4,699, a decrease of \$169, or 3.5% from \$4,868 incurred during the three months ended June 30, 2019. Preferred stock dividends are related to the dividends accrued on our Series C Preferred Stock issued during the period from 2013 through 2015. The decrease in 2020 as compared to 2019 is the result of conversions in 2019 and 2020.

Net Loss available to BioSig Technologies, Inc. common shareholders. As a result of the foregoing, net loss available to common shareholders for the three months ended June 30, 2020 was \$19,192,984 compared to a net loss of \$7,954,472 for the three months ended June 30, 2019.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the six months ended June 30, 2020 and 2019.

Research and Development Expenses. Research and development expenses for the six months ended June 30, 2020 were \$10,644,898, an increase of \$7,338,100, or 221.9%, from \$3,306,798 for the six months ended June 30, 2019. This increase is primarily due to the acquired research and development from Trek for cash of \$350,000 and 634,910 shares of ViralClear's common stock; the Agreement with Mayo for 259,959 shares of ViralClear's common stock and licensing rights and agreement obligations of \$1,055,616. In addition, we incurred significant R&D costs with product development in the ViralClear segment. Research and development expenses were comprised of the following:

Six months ended:

	June 30, 2020	June 30, 2019
Salaries and equity compensation	\$ 1,649,228	\$ 1,417,984
Consulting expenses	1,264,150	426,258
Research studies and design work	484,779	1,336,190
Acquired Research and Development	5,879,961	-
Data/AI development	252,000	-
Regulatory	30,666	-
Product development	833,144	-
Formulation	114,894	-
Travel, supplies, other	136,076	126,366
Total	<u>\$ 10,644,898</u>	<u>\$ 3,306,798</u>

Stock based compensation for research and development personnel was \$587,989 and \$840,035 for the six months ended June 30, 2020 and 2019, respectively.

On March 24, 2020, ViralClear entered into the Asset Purchase Agreement with Trek. Pursuant to the Asset Purchase Agreement, Trek sold ViralClear all right, title and interest of Trek and its affiliates to the Purchased Assets. As consideration for the Purchased Assets, we agreed to pay Trek in upfront and milestone payments a combination of cash, shares of ViralClear's common stock, which common stock may equal up to 10% of the ViralClear's outstanding equity, and sublicense fees in the event ViralClear sublicenses the Purchased Assets.

On April 8, 2020, ViralClear entered into the Agreement with Mayo as discussed above and issued to Mayo 259,959 shares of ViralClear's common stock.

General and Administrative Expenses. General and administrative expenses for the six months ended June 30, 2020 were \$24,463,431, an increase of \$13,923,722, or 132.1%, from \$10,539,709 incurred in the six months ended June 30, 2019. This increase is primarily due to an increase in employee performance pay and staff in the current period as compared to the same period in the prior year and additional service provider fees paid.

Payroll related expenses increased to \$3,488,179 in the current period from \$1,946,987 for the six months ended June 30, 2019, an increase of \$1,541,192. The increase was due to performance pay and added staff in the later part of 2019 and 2020 for commercialization and support personnel in addition to staff added with ViralClear. We incurred \$15,156,603 in stock-based compensation in connection with the vesting of stock and stock options issued to board members, officers, employees and consultants for the six months ended June 30, 2020 as compared to \$5,153,140 in stock-based compensation for the same period in 2019.

Professional services for the six months ended June 30, 2020 totaled \$1,164,457, an increase of \$748,443, or 179.9%, over the \$416,014 recognized for the six months ended June 30, 2019. Of professional services, legal fees totaled \$953,751 for the six months ended June 30, 2020; an increase of \$598,737 or 168.7% from \$355,014 incurred for the six months ended June 30, 2019. The primary increase was due to costs incurred with financing not consummated and capital raise, ViralClear organization, contract work and patent filings in 2020 as compared to 2019. Accounting fees incurred in the six months ended June 30, 2020 amounted to \$210,706, an increase of \$149,706 or 245.4%, from \$61,000 incurred in same period last year. In 2020, we incurred additional audit costs associated with internal control and ViralClear audits in addition to our yearend requirements.

Consulting, public and investor relations fees for the six months ended June 30, 2020 were \$2,814,037 as compared to \$1,422,146 incurred for the six months ended June 30, 2019. The increase in consulting, marketing and investor relations fees during the six months ended June 30, 2020 related to our continued efforts to develop our recognition throughout the medical industry in an effective manner.

Travel, meals and entertainment costs for the six months ended June 30, 2020 were \$253,254, a decrease of \$58,917, or 18.9%, from \$312,171 incurred in the six months ended June 30, 2019. Travel, meals and entertainment costs include travel related to business development and financing. The decrease in 2020 was due to various restrictions imposed by the COVID-19 outbreak as compared to 2019.

Rent for the six months ended June 30, 2020 totaled \$238,284, an increase of \$73,879 or 44.9%, from \$164,405 incurred in six months ended June 30, 2019. The increase in rent for 2020 as compared to 2019 is due primarily adding our corporate headquarters in Westport, CT and an office in Rochester, MN, net with reduction in the Norwalk, CT office.

Depreciation and Amortization Expense. Depreciation and amortization expense for the six months ended June 30, 2020 totaled \$43,223 an increase of \$25,309, or 141.3%, over the expense of \$17,914 incurred in the six months ended June 30, 2019, as a result of the adding additional office computers and other equipment.

Preferred Stock Dividend. Preferred stock dividend for the six months ended June 30, 2020 totaled \$9,317, a decrease of \$6,092, or 39.5% from \$15,409 incurred during the six months ended June 30, 2019. Preferred stock dividends are related to the dividends accrued on our Series C Preferred Stock issued during the period from 2013 through 2015. The decrease in 2020 as compared to 2019 is the result of conversions in 2019 and 2020.

Net Loss available to BioSig Technologies, Inc. common shareholders. As a result of the foregoing, net loss available to common shareholders for the six months ended June 30, 2020 was \$30,533,162 compared to a net loss of \$13,834,561 for the six months ended June 30, 2019.

Segment Results

The Company reports segment information based on the “management” approach. The management approach designates the internal reporting used by management for making decisions and assessing performance as the source of the Company’s reportable segments.

Summary Statement of Operations for the three and six months ended June 30, 2019 as compared to the three and six months ended June 30, 2019 are detailed in Note 12 of the accompanying unaudited condensed consolidated financial statements.

COVID-19

On March 11, 2020, the World Health Organization (the “WHO”) declared a pandemic related to the rapidly spreading coronavirus (COVID-19) outbreak, which has led to a global health emergency. The full public-health impact of the ongoing pandemic is currently indeterminable and rapidly evolving, and the related health crisis has adversely affected and may continue to adversely affect the global economy, resulting in delaying to our commercialization objectives of the PURE EP systems and therapeutic candidates ViralClear is developing.

Liquidity and Capital Resources

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

As of June 30, 2020, we had a working capital of \$35,045,250, comprised of cash of \$36,927,306, inventory of \$800,000, vendor deposits of \$470,826 and prepaid expenses of \$453,822, which was offset by \$3,103,964 of accounts payable and accrued expenses, accrued dividends on preferred stock issuances of \$67,453 and current portion of lease liability of \$435,287. For the six months ended June 30, 2020, we used \$14,223,345 of cash in operating activities and \$28,093 of cash in investing activities.

Cash provided by financing activities totaled \$39,070,162, comprised of proceeds from the sale of our common stock of \$25,214,311, proceeds from sale of subsidiary stock to non-controlling interest of \$10,592,075 and proceeds from exercise of options and warrants of \$3,263,776.

In the comparable period in 2019, our aggregate cash provided by financing activities totaled \$13,682,603, comprised of proceeds from the sale of our common stock of \$8,619,278 and proceeds from exercise of options and warrants of \$5,063,325. At June 30, 2020, we had cash of \$36,927,306 compared to \$10,333,966 at June 30, 2019. Our cash is held in bank deposit accounts. At June 30, 2020 and June 30, 2019, we had no convertible debentures outstanding.

Cash used in operations for the six months ended June 30, 2020 and 2019 was \$14,223,345 and \$7,641,965, respectively, which represent cash outlays for research and development and general and administrative expenses in such periods. The increases in cash outlays principally resulted from additional operating costs and general and administrative expenses and an increase in our operating assets of \$770,019 and an increase our operating liabilities of \$1,616,507, net of stock-based compensation and depreciation and amortization.

We used \$28,093 cash for investing activities for the six months ended June 30, 2020, compared to \$156,832 for the six months ended June 30, 2019. For the current period, we purchased computer and other equipment of \$28,093, as compared to \$45,241 in 2019 to purchase computer and other equipment and \$111,316 and \$275 in patent and trademark costs, respectively.

We had an accumulated deficit as of June 30, 2020 of \$135.3 million, as well as a net loss available to BioSig Technologies, Inc. of \$30.5 million and negative operating cash flows. We expect to continue incurring losses and negative cash flows from operations until our products (primarily PURE EP System and therapeutic candidates ViralClear is developing) reach commercial profitability. We believe that our existing cash on hand will be sufficient to enable us to fund our projected operating requirements for approximately one year and a day. However, we may need to raise additional funds more quickly if one or more of our assumptions prove to be incorrect or if we choose to expand our product development efforts more rapidly than we presently anticipate. We also may decide to raise additional funds before we require them if we are presented with favorable terms for raising capital.

Our plans include the continued commercialization of PURE EP System and pursuing pharmaceutical candidates and raising capital through the sale of additional equity securities, debt or capital inflows from strategic partnerships. There are no assurances, however, that we will be successful in obtaining the level of financing needed for our operations. The ongoing COVID-19 pandemic has resulted and continues to result in significant financial market volatility and uncertainty in recent months.

A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our ability to access capital and on the market price of our common stock, and we may not be able to successfully raise capital through the sale of our securities. If we are unsuccessful in commercializing our products and raising capital, we may need to reduce activities, curtail or cease operations.

Our Series C Preferred Stock contains triggering events which would, among other things, require redemption (i) in cash, at the greater of (a) 120% of the stated value of \$1,000 or (b) the product of (I) the variable weighted average price of our common stock on the trading day immediately preceding the date of the triggering event and (II) the stated value divided by the then conversion price or (ii) in shares of our common stock, equal to a number of shares equal to the amount set forth in (i) above divided by 75%. As of June 30, 2020, the aggregate stated value of our Series C Preferred Stock was \$105,000. The triggering events include our being subject to a judgment of greater than \$100,000 or our initiation of bankruptcy proceedings. If any of the triggering events contained in our Series C Preferred Stock occur, the holders of our Series C Preferred Stock may demand redemption, an obligation we may not have the ability to meet at the time of such demand. We will be required to pay interest on any amounts remaining unpaid after the required redemption of our Series C Preferred Stock, at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law.

We expect to incur losses from operations for the near future. We expect to incur increasing marketing and commercialization expenses related to our PURE EP system in addition to additional research and development costs relating to the PURE EP along with developing the anti-viral agent against the COVID-19 virus and other product candidates, including expenses related to clinical trials. We expect that our general and administrative expenses will increase in the future as we expand our business development, add infrastructure and incur additional costs related to be a public company, including incremental audit fees, investor relations programs and increased professional services.

Our future capital requirements will depend on a number of factors, including the progress of our research and development of product candidates, the timing and outcome of regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing and our success in developing markets for our product candidates.

Future financing may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, existing holders of our securities may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our securities.

If additional financing is not available or is not available on acceptable terms, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently.

Equity Financing

On February 21, 2020, we entered into an underwriting agreement (the “Underwriting Agreement”) with Laidlaw & Company (UK) Ltd. (the “Underwriter”), relating to an underwritten public offering of 2,500,000 shares of the Company’s common stock, at the public offering price of \$4.00 per share. At closing on February 25, 2020, we received net proceeds of approximately \$9,100,000, after deducting the underwriting discount and other offering expenses of approximately \$100,000.

Pursuant to the Underwriting Agreement, we issued to the Underwriter or its designees warrants to purchase up to an aggregate 125,000 shares of common stock. The underwriter warrants are exercisable immediately and on or prior to February 21, 2025, at a price per share equal to \$4.80 and are exercisable on a “cashless” basis.

On May 20, 2020, ViralClear and the Company entered into a Securities Purchase Agreement with certain accredited investors, pursuant to which ViralClear agreed to sell an aggregate of 1,068,550 shares of ViralClear’s common stock, at \$10.00 per share, for an aggregate consideration of \$10,592,075, net of expenses of \$93,425. This private placement closed on May 20, 2020.

On June 24, 2020, we entered into a Securities Purchase Agreement with several institutional and accredited investors, pursuant to which we agreed to issue and sell in a registered direct offering an aggregate of 2,187,500 shares of common stock of the Company at an offering price of \$8.00 per share, for gross proceeds of approximately \$17.5 million before the deduction of fees and offering expenses. The net proceeds to the Company from the offering, after deducting fees and expenses, were approximately \$16.16 million. The offering closed on June 26, 2020.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Research and Development

We account for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development (“ASC 730-10”). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred.

Stock Based Compensation

All stock-based payments to employees and to nonemployee directors for their services as directors consisted of grants of restricted stock and stock options, which are measured at fair value on the grant date and recognized in the statements of operations as compensation expense over the relevant vesting period. Restricted stock payments and stock-based payments to nonemployees are recognized as an expense over the period of performance.

Such payments are measured at fair value at the earlier of the date a performance commitment is reached, or the date performance is completed. In addition, for awards that vest immediately and are non-forfeitable, the measurement date is the date the award is issued.

On October 29, 2014, our common stock commenced trading on OTCQB and on September 21, 2018 on the NASDAQ Capital Market under the symbol "BSGM." Fair value of options are typically determined by the sales prices of our common stock for the 10 trading days immediately preceding the date of the award.

Use of Estimates

The preparation of these unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the recoverability and useful lives of long-lived assets, the fair value of long-term operating leases, patent capitalization, fair value of acquired assets, the fair value of the Company's stock, stock-based compensation, fair values relating to warrant and other derivative liabilities and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Acquisition of Intellectual Property

Intellectual property acquired are accounted for under the acquisition method of accounting. This method requires the recording of acquired assets, including separately identifiable intangible assets, and assumed liabilities at their acquisition date fair values. The method records any excess purchase price over the fair value of acquired net assets as goodwill.

The acquired intellectual property from the Trek acquisition was considered unproven compounds, the success of which was uncertain at the time of the acquisition. Accordingly, the fair value of the consideration paid was charged as acquired research and development to current period operations.

Income Taxes

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. We record an estimated valuation allowance on our deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized. We recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required under Regulation S-K for “smaller reporting companies.”

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required under Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we carried out an evaluation, with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-(f) of the Exchange Act) that occurred during the last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

The following description of risk factors includes any material changes to, and supersedes the description of, risk factors associated with our business, financial condition and results of operations previously disclosed in “Item 1A. Risk Factors” of our annual report on Form 10-K for the fiscal year ended December 31, 2019, as filed with the SEC on March 13, 2020. Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect our business, financial condition, operating results and stock price.

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Form 10-Q. The following information should be read in conjunction with the condensed consolidated financial statements and related notes in Part I, Item 1, “Financial Statements” and Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-Q.

Risks Relating to COVID-19

The ongoing COVID-19 pandemic may adversely affect our business.

In December 2019, a strain of coronavirus was reported to have surfaced in Wuhan, China, and has spread globally, and on March 12, 2020, the WHO declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, have imposed unprecedented restrictions on travel, quarantines, and other public health safety measures. Such government-imposed precautionary measures may have been relaxed in certain countries or states, but there is no assurance that more strict measures will be put in place again due to a resurgence in COVID-19 cases. The COVID-19 pandemic may adversely impact our business plan as our clinical studies may be delayed as hospitals in the impacted regions may shift their resources to patients affected by the disease. The rapidly evolving nature of the circumstances is such that it is impossible, at this stage, to determine the full and overall impact the COVID-19 pandemic may have, but it could disrupt production and cause delays in the supply and delivery of products used in our research and development efforts, adversely affect our employees, and disrupt our operations, all of which may have a material adverse effect on our business. In addition, the pandemic may have an adverse effect on the ability of regulatory bodies to grant approvals or supervise our candidates and products, may further divert the attention and efforts of the medical community to coping with the coronavirus and disrupt the marketplace in which we operate and may have a material adverse effects on our operations.

Moreover, the COVID-19 pandemic has created significant economic uncertainty and volatility in the credit and capital markets. Management plans to secure the necessary financing through the issue of new equity and/or the entering into of strategic partnership arrangements; however, there is no assurance that our management will be able to obtain such financing on reasonable terms or at all. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on our ability to access capital and on the market price of our common stock, and we may not be able to successfully raise capital through the sale of our securities. If we are unsuccessful in commercializing our products or raising capital, we may need to reduce activities, curtail or cease operations.

In addition, a significant outbreak of COVID-19 or other infectious diseases could result in a widespread health crisis that could adversely affect the economies and financial markets worldwide, resulting in an economic downturn that could impact our business, financial condition and results of operations.

Risks Relating to ViralClear's Business and Industry

Our pursuit of a potential anti-viral therapeutic candidate for COVID-19 is at an early stage. There is no assurance that we will develop a marketable product or our therapeutic candidate may be unable to successfully treat the virus in a timely manner, if at all.

Our anti-viral candidate, merimepodib is in early stage development and may not be successfully developed or commercialized. We expect the product development will require substantial capital expenditures. Therapeutic candidate developments involve a high degree of risk and are marked by many unprofitable efforts for many reasons, including some of the factors listed herein. We may be unable to produce an anti-viral candidate that successfully treats the COVID-19 in a timely manner, if at all. We cannot be certain that our research and development efforts will be successful or, if successful, that any products that are developed using merimepodib will ever be approved by the FDA or other regulatory bodies.

Even if approved, any products that we develop may not generate sufficient commercial revenues. The market for our potential products may be slow to develop or smaller than estimated or it may be more difficult to build the market than anticipated. In addition, the outbreak of the COVID-19 may be effectively contained or the risk of coronavirus infection may be diminished or eliminated before we can successfully develop and manufacture the anti-viral candidate for the treatment of COVID-19. The medical community may resist our future products or be slower to accept them than we anticipate. Our failure to develop, manufacture, receive regulatory approval for, or successfully commercialize any of our therapeutic candidates could result in the failure of our business.

There can be no assurance that we will be able to execute our business plan successfully.

Our ability to execute our business plan is dependent upon a number of factors, including our ability to:

- successfully conduct pre-clinical and clinical studies;
- successfully develop our therapeutic candidates and subsequent product pipeline;
- successfully commercialize our products;
- obtain partnership or licensing opportunities; and
- obtain additional funding.

There can be no assurance that any of these initiatives will be successfully and fully executed in the amounts or within the time periods that we expect. Furthermore, there can be no assurance that we will be able to achieve profitability in the future, and there can be no assurance that our current or future business strategies will lead us to achieve our objectives.

We operate in a highly competitive industry.

The pharmaceutical market is highly competitive, it is subject to rapid technological change and is significantly affected by existing rival drugs and medical procedures, new product introductions and the market activities of other participants. Pharmaceutical and biotechnology companies, academic institutions, governmental agencies and other public and private research organizations may pursue the research and development of technologies, drugs or other therapies. Our competitors may develop products more rapidly or more effectively than us. If our competitors are more successful in commercializing their products than us, their success could adversely affect our competitive position and harm our business prospects.

The competitive landscape of anti-coronavirus therapies has been rapidly developing since the beginning of the COVID-19 pandemic in late 2019, with an increasing number of companies claiming to be investigating possible candidates. These drug candidates generally consist of therapeutics or vaccines. We believe it is likely that a combination of therapies will be used to effectively treat COVID-19, and the global footprint of the current pandemic will result in the need for multiple approved drugs to meet the needs of patients in different stages of the disease.

We are aware of approximately 350 possible therapeutic products of various modes of action and over 125 potential vaccines for COVID-19. In the therapeutic category, based on our knowledge, at least five other companies are developing direct antiviral agents with studies being conducted in U.S. sites (source: ClinicalTrials.gov), which include Gilead Sciences, which is currently participating in 15 clinical studies with remdesivir in multiple clinical study sites in the United States and abroad, with the FDA having granted emergency use authorization to use remdesivir to treat adults and children hospitalized with severe COVID-19; Atea Pharmaceuticals; Fujifilm Pharmaceuticals U.S.A., which has begun one of the two Phase II clinical trials on April 17, 2020 for its drug candidate, favipiravir; Ansun Biopharma; and multiple sponsors, Eiger BioPharmaceuticals participating as a collaborator, actively recruiting for Phase III studies of interferons assessing their safety and efficacy in COVID-19 disease.

All of these therapeutic candidates are in different stages of clinical development. If we experience delayed regulatory approvals or disputed clinical claims, we may not have a commercial or clinical advantage over competitors' products that we believe we currently possess. Moreover, many of the companies developing COVID-19 therapeutic products have significantly greater resources, experience and name recognition than we possess. Should another party be successful in producing a more efficacious therapeutic or a vaccine for COVID-19, such success could reduce the commercial opportunity for our antiviral candidate and could have a material adverse effect on our business, financial condition, results of operations and future prospects.

Government involvement may limit the commercial success of our COVID-19 anti-viral candidate.

The COVID-19 outbreak has been classified as a pandemic by public health authorities, and it is possible that one or more government entities may take actions that directly or indirectly have the effect of abrogating some of our rights or opportunities. If we were to develop an anti-viral therapeutic to COVID-19, the economic value of such therapeutic to us could be limited.

Various government entities, including the U.S. government, are offering incentives, grants and contracts to encourage additional investment by commercial organizations into preventative and therapeutic agents against coronavirus, which may have the effect of increasing the number of competitors and/or providing advantages to known competitors. Accordingly, there can be no assurance that we will be able to successfully establish a competitive market share for our anti-viral candidate, if any.

We may be unable to advance the compounds we acquired from Trek successfully through the preclinical and clinical development process.

Our ability to develop, obtain regulatory approval for, and ultimately commercialize, a product derived from the compounds we acquired from Trek effectively will depend on many factors, including the following:

- successful completion of preclinical studies and clinical trials, which will depend substantially upon the satisfactory performance of third-party contractors;
- successful achievement of the objectives of planned preclinical studies and clinical trials;
- receipt of marketing approvals from the FDA and similar regulatory authorities outside the United States;
- establishing efficient and effective commercial manufacturing, supply and distribution arrangements;
- establishing sufficient market share and promoting acceptance of the product by patients, the medical community and third-party payors;
- successfully executing an effective pricing and reimbursement strategy;
- maintaining a continued acceptable safety and adverse event profile following regulatory approval; and
- qualifying for, identifying, registering, maintaining, enforcing and defending intellectual property rights and claims.

The compounds will require additional non-clinical and clinical development, regulatory review and approval, substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before we can be in a position to generate any revenue from product sales. We are not permitted to market or promote any product candidates we may develop before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval. If we are unable to develop or receive marketing approval in a timely manner or at all, we could experience significant delays or an inability to commercialize products derived from Vicromax, which would materially and adversely affect our business, financial condition and results of operations.

We may experience delays in any phase of the preclinical or clinical development of a product, including during its research and development.

We may experience delays in any phase of the preclinical or clinical development of a product, including during its research and development. The completion of any of these studies may be delayed or halted for numerous reasons, including, but not limited to, the following:

- the FDA or other regulatory authorities do not approve a clinical study protocol or place a clinical study on hold;
- patients do not enroll in a clinical study or results from patients are not received at the expected rate;
- patients discontinue participation in a clinical study prior to the scheduled endpoint at a higher than expected rate;
- patients experience adverse events from a product we develop;
- third-party clinical investigators do not perform the studies in accordance with the anticipated schedule or consistent with the study protocol and good clinical practices or other third-party organizations do not perform data collection and analysis in a timely or accurate manner;
- third-party clinical investigators engage in activities that, even if not directly associated with our studies, result in their debarment, loss of licensure, or other legal or regulatory sanction;
- regulatory inspections of manufacturing facilities, which may, among other things, require us to undertake corrective action or suspend the preclinical or clinical studies;
- changes in governmental regulations or administrative actions;
- the interim results of the preclinical or clinical study, if any, are inconclusive or negative; and
- the study design, although approved and completed, is inadequate to demonstrate effectiveness and safety.

If the preclinical and clinical studies that we are required to conduct to gain regulatory approval are delayed or unsuccessful, we may not be able to market any product that we develop in the future. Preclinical studies and clinical trials are expensive and difficult to design and implement and any delays or prolongment in our preclinical and clinical studies will require additional capital. There is no assurance that we will be able to acquire additional capital to support our studies. The failure to obtain additional capital would have a material adverse effect on the Company.

Therapeutic products are subject to extensive governmental regulations relating to development, clinical trials, manufacturing and commercialization.

Any therapeutic product that we develop in the future will be subject to extensive governmental regulations relating to development, clinical trials, manufacturing and commercialization. Rigorous preclinical studies, clinical trials and extensive regulatory approval processes are required to be successfully completed in the United States and in many foreign jurisdictions before a new product may be offered and sold in any of these countries or regions. Satisfaction of these and other regulatory requirements is costly, time-consuming, uncertain and subject to unanticipated delays.

Preclinical studies and clinical trials are expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. Because any product that we develop in the future will be based on new technologies, we expect that it will require extensive research and development and necessitate substantial manufacturing and processing costs. In addition, costs to treat potential side effects that may result from a product we develop may be significant. Accordingly, our preclinical and clinical trial costs could be significantly higher than for more conventional therapeutic technologies or drug products.

In the United States, the products that we intend to develop and market are regulated by the FDA under its drug development and review process. The time required to obtain FDA and other approvals for any product that we develop in the future is inherently unpredictable. Before such products can be marketed, we must obtain clearance from the FDA first through submission of an investigational new drug (“IND”), then through successful completion of human testing under three phases of clinical trials and finally through submission of a new drug application (“NDA”). Even after successful completion of clinical testing, there is a risk that the FDA may request further information from us, disagree with our findings or otherwise undertake a lengthy review of our NDA submission.

There can be no assurance that the FDA will grant a license for any NDA that we may submit. It is possible that none of the products that we develop in the future will obtain the appropriate regulatory approvals necessary for us to commence the offer and sale of such products. Any delay or failure in obtaining required approvals could have a material adverse effect on our ability to generate revenues from a particular prospective product.

If we decide to market any drug that we develop in jurisdictions in addition to the United States, we may incur the same costs or more in satisfying foreign regulatory requirements governing the conduct of preclinical and clinical trials, manufacturing and marketing and commercialization of any product that we develop in the future. Approval by the FDA by itself does not assure approval by regulatory authorities outside the United States. Each of these foreign regulatory approval processes includes all of the risks associated with the FDA approval process, as well as risks attributable to having to satisfy local regulations within each of these foreign jurisdictions. Our inability to obtain regulatory approval outside the United States may adversely compromise our business prospects.

We are dependent on technologies that we have licensed, and we may need to license in the future, and if we fail to obtain licenses we need, or fail to comply with our obligations in the agreements under which we in-license intellectual property and other rights from third parties, we could lose our ability to develop a therapeutic candidate.

We are currently dependent on licenses from third parties, including Vertex and Mayo, for their technologies. Any failure to make the payments required by the license agreements may permit the third-party licensor to terminate the license. If we were to lose or otherwise be unable to maintain all or any of the licenses for any reason, it would halt our ability to develop a therapeutic candidate. The foregoing could result in a material adverse effect on our business or results of operations.

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

On April 22, 2020, BioSig Technologies, Inc. issued 15,038 shares of common stock to IRTH Communications LLC in exchange for consulting services rendered with a fair value of \$108,274, pursuant to a service renewal agreement, dated December 11, 2019. The issuance of the shares of common stock to IRTH was not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and the shares of the common stock were issued in reliance on the exemption from registration under the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

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On July 1, 2020, BioSig Technologies, Inc. issued 30,000 shares of its common stock to IRTH Communications LLC in exchange for additional consulting and advisory services rendered with a fair value of \$214,800. The issuance of the shares of common stock to IRTH was not registered under the Securities Act, or the securities laws of any state, and the shares of the common stock were issued in reliance on the exemption from registration under the Securities Act pursuant to Section 4(a)(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Form S-1 filed on July 22, 2013)
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.2 to the Form S-1 filed on July 22, 2013)
3.3	Certificate of Second Amendment to the Amended and Restated Certificate of Incorporation of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.3 to the Form S-1 filed on July 22, 2013)
3.4	Certificate of Third Amendment to the Amended and Restated Certificate of Incorporation of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.5 to the Form S-1/A filed on January 21, 2014)
3.5	Certificate of Fourth Amendment to the Amended and Restated Certificate of Incorporation of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.6 to the Form S-1/A filed on March 28, 2014)
3.6	Certificate of Fifth Amendment to the Amended and Restated Certificate of Incorporation of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on August 21, 2014)
3.7	Certificate of Sixth Amendment to the Amended and Restated Certificate of Incorporation of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on November 25, 2016)
3.8	Certificate of Designation of Preferences, Rights and Limitations of Series D Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on November 9, 2017)
3.9	Certificate of Designation of Preferences, Rights and Limitations of Series E Convertible Preferred Stock (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on February 16, 2018)
3.10	Certificate of Seventh Amendment to the Amended and Restated Certificate of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on September 10, 2018)
3.11	Bylaws of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.4 to the Form S-1 filed on July 22, 2013)
3.12	Amended and Restated Bylaws of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on September 27, 2019)
3.13	Amendment No. 1 to Amended and Restated Bylaws of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on October 22, 2019)
3.14	Certificate of Designations of Series F Junior Participating Preferred Stock of BioSig Technologies, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed on July 17, 2020)
4.1	Rights Agreement dated as of July 14, 2020 between BioSig Technologies, Inc. and Action Stock Transfer Corporation, as Rights Agent. (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on July 17, 2020)
10.1	Form of Securities Purchase Agreement, dated June 24, 2020, by and among BioSig Technologies, Inc. and the purchasers thereto (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on June 26, 2020)
10.2**	Eighth Amendment to the BioSig Technologies, Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on June 30, 2020)
31.01*	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.02*	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.01*	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101 INS*	Inline XBRL Instance Document
101 SCH*	Inline XBRL Taxonomy Extension Schema Document
101 CAL*	Inline XBRL Taxonomy Calculation Linkbase Document
101 DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101 LAB*	Inline XBRL Taxonomy Labels Linkbase Document
101 PRE*	Inline XBRL Taxonomy Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Indicates a management contract or compensatory plan.

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.

BIOSIG TECHNOLOGIES, INC.

Date: August 6, 2020

By: /s/ Kenneth L. Londoner
Kenneth L. Londoner
Chairman & Chief Executive Officer (Principal Executive Officer)

Date: August 6, 2020

By: /s/ Steven Chaussy
Steven Chaussy
Chief Financial Officer (Principal Accounting Officer)

CERTIFICATION

I, Kenneth L. Londoner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BioSig Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable 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 controls over financial reporting.

Date: August 6, 2020

/s/ Kenneth L. Londoner

Kenneth L. Londoner

Chairman & Chief Executive Officer (Principal Executive Officer)

CERTIFICATION

I, Steven Chaussy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BioSig Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable 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 controls over financial reporting.

Date: August 6, 2020

/s/ Steven Chaussy

Steven Chaussy

Chief Financial Officer (Principal Accounting Officer)

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth L. Londoner, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of BioSig Technologies, Inc. on Form 10-Q for the fiscal quarter ended June 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of BioSig Technologies, Inc.

Date: August 6, 2020

By: /s/ Kenneth L. Londoner
Name: Kenneth L. Londoner
Title: *Chairman & Chief Executive Officer (Principal Executive Officer)*

I, Steven Chaussy, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of BioSig Technologies, Inc. on Form 10-Q for the fiscal quarter ended June 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of BioSig Technologies, Inc.

Date: August 6, 2020

By: /s/ Steven Chaussy
Name: Steven Chaussy
Title: *Chief Financial Officer (Principal Accounting Officer)*