

**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 September 30, 2022

☐ **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.)

**55 Greens Farms Road, 1st 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 type="checkbox"/>
Non-accelerated filer	<input checked="" 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 November 14, 2022, there were 48,020,467 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** (In Thousands, Except Par Value and Share Amounts)

	September 30, 2022 (unaudited)	December 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash	\$ 887	\$ 11,659
Accounts receivable	5	-
Inventory	1,691	1,881
Net investment in leases, short term	50	-
Prepaid expenses and vendor deposits	456	354
Total current assets	3,089	13,894
Property and equipment, net	685	652
Right-to-use assets, net	819	604
Other assets:		
Net investment in leases, long term	66	-
Patents, net	312	326
Other assets	44	43
Total assets	<u>\$ 5,015</u>	<u>\$ 15,519</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses, including \$107 and \$86 to related parties as of September 30, 2022 and December 31, 2021, respectively	\$ 2,092	\$ 2,179
Deferred revenue, short term	13	32
Dividends payable	89	82
Lease liability, short term	346	283
Total current liabilities	2,540	2,576
Deferred revenue, long term	-	5
Lease liability, long term	536	373
Total long term liabilities	536	378
Total liabilities	3,076	2,954
Commitments and contingencies (Note 11)		
Series C 9% Convertible Preferred Stock, \$0.001 par value, \$1,000 stated value, authorized 4,200 shares, 105 shares issued and outstanding; liquidation preference of \$105 as of September 30, 2022 and December 31, 2021	105	105
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, none issued	-	-
Common stock, \$0.001 par value, authorized 200,000,000 shares, 45,797,952 and 35,567,180 issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	46	36
Additional paid in capital	210,792	201,127
Accumulated deficit	(209,016)	(188,922)
Total stockholders' equity attributable to BioSig Technologies, Inc.	1,822	12,241
Non-controlling interest	12	219
Total equity	1,834	12,460
Total liabilities and equity	<u>\$ 5,015</u>	<u>\$ 15,519</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**BIOSIG TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In Thousands, Except Par Value and Share Amounts)  
(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue:				
Product	\$ 127	\$ 100	\$ 127	\$ 414
Service	8	8	24	19
Total revenue	135	108	151	433
Cost of revenue	30	38	30	199
Gross profit	105	70	121	234
Operating expenses:				
Research and development	1,733	1,315	4,701	4,248
General and administrative	4,774	6,505	15,477	20,256
Depreciation and amortization	84	51	210	142
Total operating expenses	6,591	7,871	20,388	24,646
Loss from operations	(6,486)	(7,801)	(20,267)	(24,412)
Other income (expense):				
Interest income, net	1	1	1	2
Gain on settlement of debt	-	553	-	553
Loss before income taxes	(6,485)	(7,247)	(20,266)	(23,857)
Income taxes (benefit)	-	-	-	-
Net loss	(6,485)	(7,247)	(20,266)	(23,857)
Non-controlling interest	113	(6)	172	584
Net loss attributable to BioSig Technologies, Inc.	(6,372)	(7,253)	(20,094)	(23,273)
Preferred stock dividend	(2)	(2)	(7)	(7)
Preferred stock deemed dividend	(17)	-	(125)	-
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (6,391)	\$ (7,255)	\$ (20,226)	\$ (23,280)
Net loss per common share, basic and diluted	\$ (0.14)	\$ (0.21)	\$ (0.50)	\$ (0.71)
Weighted average number of common shares outstanding, basic and diluted	45,015,574	34,856,502	40,311,669	32,881,932

The accompanying notes are an integral part of these Consolidated Financial Statements.

**BIOSIG TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(In Thousands, Except Par Value and Share Amounts)

	Common stock		Additional	Accumulated	Non-	
	Shares	Amount	Paid in	Deficit	controlling	Total
Balance, December 31, 2021	35,567,180	\$ 36	\$ 201,127	\$ (188,922)	\$ 219	\$ 12,460
Common stock issued for services	1,312,500	1	1,600	-	-	1,601
Change in fair value of modified options	-	-	15	-	-	15
Sale of common stock and warrants, net transactional costs of \$3	2,613,130	2	3,000	-	-	3,002
Stock based compensation	66,249	*	500	-	(101)	399
Preferred stock dividend	-	-	(2)	-	-	(2)
Net loss	-	-	-	(7,963)	(102)	(8,065)
Balance, March 31, 2022 <i>(unaudited)</i>	39,559,059	39	206,240	(196,885)	16	9,410
Common stock issued for services	567,500	1	482	-	-	483
Sale of common stock under At-the-market offering, net of transaction expenses of \$46	322,404	*	302	-	-	302
Sale of common stock, net transactional costs of \$438	4,341,667	5	2,813	-	-	2,818
Issuance of subsidiary stock in settlement of debt to parent	-	-	(292)	-	292	-
Stock based compensation	21,250	*	(86)	-	(231)	(317)
Accretion of deemed preferred stock dividend	-	-	108	-	-	108
Deemed preferred stock dividend	-	-	(108)	-	-	(108)
Preferred stock dividend	-	-	(3)	-	-	(3)
Net loss	-	-	-	(5,759)	43	(5,716)
Balance, June 30, 2022 <i>(unaudited)</i>	44,811,880	45	209,456	(202,644)	120	6,977
Sale of common stock under At-the-market offering, net of transaction expenses of \$21	914,822	1	806	-	-	807
Stock based compensation	71,250	*	532	-	5	537
Accretion of deemed preferred stock dividend	-	-	17	-	-	17
Deemed preferred stock dividend	-	-	(17)	-	-	(17)
Preferred stock dividend	-	-	(2)	-	-	(2)
Net loss	-	-	-	(6,372)	(113)	(6,485)
Balance, September 30, 2022 <i>(unaudited)</i>	45,797,952	\$ 46	\$ 210,792	\$ (209,016)	\$ 12	\$ 1,834

The accompanying notes are an integral part of these Consolidated Financial Statements.

**BIOSIG TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**  
(In Thousands, Except Par Value and Share Amounts)

	Common stock		Additional	Accumulated	Non-	Total
	Shares	Amount	Paid in	Deficit	controlling	
			Capital		Interest	
Balance, December 31, 2020	30,764,792	\$ 31	\$ 181,344	\$ (157,005)	\$ 802	\$ 25,172
Common stock issued for services	406,692	*	1,777	-	-	1,777
Common stock issued upon exercise of options at \$2.96 per share	9,375	*	28	-	-	28
Sale of common stock under At-the-market offering, net of transaction expenses of \$40	251,720	*	1,300	-	-	1,300
Stock based compensation	682,202	1	721	-	20	742
Preferred stock dividend	-	-	(2)	-	-	(2)
Net loss	-	-	-	(8,319)	(240)	(8,559)
Balance, March 31, 2021 <i>(unaudited)</i>	32,114,781	32	185,168	(165,324)	582	20,458
Common stock issued for services	36,948	*	140	-	-	140
Change in fair value of modified options	-	-	313	-	8	321
Stock based compensation	53,750	*	1,518	-	134	1,652
Preferred stock dividend	-	-	(3)	-	-	(3)
Net loss	-	-	-	(7,701)	(350)	(8,051)
Balance, June 30, 2021 <i>(unaudited)</i>	32,205,479	32	187,136	(173,025)	374	14,517
Sale of common stock , net of transactional costs of \$995	2,500,000	3	9,002	-	-	9,005
Common stock for services	409,631	*	1,354	-	-	1,354
Stock based compensation	139,750	*	890	-	58	948
Preferred stock dividend	-	-	(2)	-	-	(2)
Net loss	-	-	-	(7,253)	6	(7,247)
Balance, September 30, 2021 <i>(unaudited)</i>	35,254,860	\$ 35	\$ 198,380	\$ (180,278)	\$ 438	\$ 18,575

The accompanying notes are an integral part of these Consolidated Financial Statements.

**BIOSIG TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands, Except Par Value and Share Amounts)  
(unaudited)

	Nine months ended September 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (20,266)	\$ (23,857)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	210	142
Non-cash lease expense	244	334
Equity based compensation	2,703	6,613
Gain on settlement of debt	-	(553)
Change in fair value of modified options	15	321
Changes in operating assets and liabilities:		
Accounts receivable	(5)	(100)
Employee advances	-	(50)
Lease receivables	(114)	-
Inventory	70	(1,113)
Prepaid expenses and other	(104)	(117)
Deferred revenue	(24)	45
Accounts payable and accrued expenses	(87)	(1,999)
Operating lease liabilities	(233)	(334)
Net cash used in operating activities	(17,591)	(20,668)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(110)	(398)
Net cash used in investing activity	(110)	(398)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from sale of common stock, net of issuance costs	5,820	9,005
Proceeds from sale of common stock under a At-the-market offering, net of issuance costs	1,109	1,300
Proceeds from exercise of options	-	28
Net cash provided by financing activities	6,929	10,333
Net decrease in cash and cash equivalents	(10,772)	(10,733)
Cash, beginning of the period	11,659	28,268
Cash, end of the period	\$ 887	\$ 17,535
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -
<b>Noncash investing and financing activities:</b>		
Dividend payable on preferred stock charged to additional paid in capital	\$ 7	\$ 7
Series C convertible preferred stock deemed dividend	\$ 125	\$ -
Record right-to-use assets and related lease liability	\$ 502	\$ 800

The accompanying notes are an integral part of these Consolidated Financial Statements.

**BIOSIG TECHNOLOGIES, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
*(unaudited)*

**NOTE 1 – NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

*Business and organization*

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 standard care in electrophysiology with our PURE EP System's enhanced signal acquisition, digital signal processing, and analysis during ablation of cardiac arrhythmias. The Company has generated minimal revenue to date and consequently its operations are subject to all risks inherent in business enterprises in early commercialization stage.

On November 7, 2018, the Company formed a subsidiary under the laws of the State of Delaware originally under the name of NeuroClear Technologies, Inc. which was renamed to ViralClear Pharmaceuticals, Inc. ("ViralClear") in March 2020. The subsidiary was established to pursue additional applications of the PURE EP™ signal processing technology outside of cardiac electrophysiology, and subsequently in 2020, was repurposed to develop merimepodib, a broad-spectrum anti-viral agent that showed potential for the treatment of COVID-19. Since late 2020, ViralClear has been realigned with its original objective of pursuing additional applications of the PURE EP™ signal processing technology outside of cardiac electrophysiology.

As of September 30, 2022, the Company had a majority interest in ViralClear of 69.08%.

On July 2, 2020, the Company formed an additional subsidiary, NeuroClear Technologies, Inc., a Delaware corporation.

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

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, 2021 has been derived from audited financial statements.

Operating results for the three and nine months ended September 30, 2022 are not necessarily indicative of results that may be expected for the year ending December 31, 2022. These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2021 filed with the Company's Form 10-K with the Securities and Exchange Commission on March 31, 2022.

**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 pandemic and its ongoing effects continues to evolve, and the related health crisis has adversely affected and may continue to adversely affect the global economy, resulting in delays to our commercialization objectives of the PURE EP Systems into the end of 2022.

**Inflation Reduction Act of 2022**

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 that includes, among other provisions, changes to the U.S. corporate income tax system, including a fifteen percent minimum tax based on "adjusted financial statement income," which is effective for tax years beginning after December 31, 2022, and a one percent excise tax on net repurchases of stock after December 31, 2022. The Company is continuing to evaluate the Inflation Reduction Act and its requirements, as well as the application to our business, but at this time does not expect the Inflation Reduction Act to have a material impact on our financial results.



**BIOSIG TECHNOLOGIES, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
*(unaudited)*

**NOTE 2 – GOING CONCERN AND MANAGEMENT’S LIQUIDITY PLANS**

As of September 30, 2022, the Company had cash of \$0.9 million and working capital of \$0.5 million. During the nine months ended September 30, 2022, the Company used net cash in operating activities of \$17.6 million. These conditions raise substantial doubt about the Company’s ability to continue as a going concern.

The Company’s primary source of operating funds since inception has been cash proceeds from sale of common and preferred stock. The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future.

The Company’s plans to mitigate these conditions include the continued commercialization of the PURE EP System and other applications of our core technology and raising capital through the sale of additional equity securities, debt or capital inflows from strategic partnerships. The Company’s strategic shift from a focus on technology development to commercialization will allow the Company to significantly reduce operating expenses.

The Company will require additional financing to fund future operations. Further, although the Company began commercial operations; there is no assurance that the Company will be able to generate sufficient cash flow to fund operations. In addition, there can be no assurance that the Company’s continuing research and development will be successfully completed or that any additional products will be commercially viable.

Accordingly, the accompanying unaudited condensed consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplates continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the unaudited condensed consolidated financial statements do not necessarily purport to represent realizable or settlement values. The unaudited condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

**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 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, stock-based compensation and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

*Revenue Recognition*

The Company derives its revenue primarily from the sale and lease of its medical device, the PURE EP™ System, and well as related support and maintenance services and software upgrades in connection with the system.

The Company recognizes revenue in accordance with Accounting Standards Codification (ASC) 842, *Leases* (“ASC 842”) for lease components and ASC 606, *Revenue from Contracts with Customers* (“ASC 606”) for non-lease components. For medical device sales, the Company recognize revenue under ASC 606.

The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

**BIOSIG TECHNOLOGIES, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
*(unaudited)*

Under ASC 606, the Company determines revenue recognition through the following five steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligation in the contract; and
- Recognize revenue when, or as, the performance obligations are satisfied.

Performance obligations are the unit of accounting for revenue recognition and generally represent the distinct goods or services that are promised to the customer. If the Company determines that it has not satisfied a performance obligation, it will defer recognition of the revenue until the performance obligation is deemed to be satisfied. Once the PURE EP system is delivered, installed, and accepted by the customer, our performance obligation is recognized. Support, maintenance, and software upgrades are performance obligations over a defined period and are recognized ratably over the contractual service period. Customers typically purchase these services with the initial sale of the PURE EP System and do not have the right to terminate their contracts unless we fail to perform material obligations.

The Company may execute more than one contract with a single customer. If so, it is evaluated whether the agreements were negotiated as a package with a single objective, whether the amount of consideration to be paid in one agreement depends on the price and/or performance of another agreement, or whether the goods or services promised in the agreements represent a single performance obligation. The conclusions reached can impact the allocation of the transaction price to each performance obligation and the timing of revenue recognition related to those arrangements.

The Company records accounts receivable for amounts invoiced to customers for which the Company has an unconditional right to consideration as provided under the contractual arrangement. Unbilled receivables, if any, include amounts related to the Company's contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenue includes payments received in advance of performance under the contract. Our unbilled receivables and deferred revenue are reported on an individual contract basis at the end of each reporting period. Unbilled receivables are classified as current or noncurrent based on the timing of when we expect to bill the customer. Deferred revenue is classified as current or noncurrent based on the timing of when we expect to recognize revenue.

The Company's unconditional right to consideration for goods and services transferred to the customer is included in accounts receivable, net (if any) in the Company's consolidated balance sheet.

On July 1, 2022, the Company entered a lease for our PURE EP system at a rate of \$4,333 per month. The term of the lease is for 30 months with an option provided to extend for an addition one year. The lease also has an option to purchase at the end of the lease at the fair market value. The Company accounts for the lease in accordance with ASC 842 and ASC 606.

The Company determined the lease meets the criteria of a sales-type lease whereby the present value of the future expected revenue (less the present value of the estimated unguaranteed residual value), cost of sales and profit and loss are recognized at the lease inception. Non-lease components are recognized under ASC 606. The discount rate utilized was the contract explicit rate of 2% per annum. (See Note 6 – Lease Receivables)

**BIOSIG TECHNOLOGIES, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
*(unaudited)*

A reconciliation of contract liabilities with customers for the nine months ended September 30, 2022 and 2021, are presented below:

*Nine months ended September 30, 2022:*

	Balance at December 31, 2021 (000's)	Consideration Received (000's)	Recognized in Revenue (000's)	Balance at September 30, 2022 (000's)
Service revenue	\$ 37	\$ -	\$ (24)	\$ 13

*Nine months ended September 30, 2021:*

	Balance at December 31, 2020 (000's)	Consideration Received (000's)	Recognized in Revenue (000's)	Balance at September 30, 2021 (000's)
Product revenue	\$ -	\$ 414	\$ (414)	\$ -
Service revenue	-	64	(19)	45
Total	\$ -	\$ 478	\$ (433)	\$ 45

The table below summarizes our deferred revenue as of September 30, 2022 and December 31, 2021:

	September 30, 2022 (000's)	December 31, 2021 (000's)
Deferred revenue-current	\$ 13	\$ 32
Deferred revenue-noncurrent	-	5
Total deferred revenue	\$ 13	\$ 37

The Company had one customer which accounts for approximately 94% of our revenue in the three months ended September 30, 2022 and two customers which accounted for approximately 84% and 16% of their revenue in the nine months ended September 30, 2022.

We had one customer which accounted for approximately 93% of our revenue in the three months ended September 30, 2021 and two customers which accounted for approximately 69% and 31% of our revenue in the nine months ended September 30, 2021.

At September 30, 2022, the Company had one customer representing 100% of the outstanding accounts receivable.

The Company utilized one contract manufacturer for the manufacture and supply of the PURE EP system for the three and nine months ended September 30, 2022 and 2021.

#### *Cost of Revenue*

Cost of revenue consists primarily of the delivered cost of our medical device(s) sold or the leased under a sales-type lease.

#### *Allowance for Doubtful Accounts*

The Company adjusts accounts receivable down to net realizable value with its allowance methodology. In determining the allowance for doubtful accounts for estimated losses, aged receivables are analyzed periodically by management. Each identified receivable is reviewed based upon historical collection experience, financial condition of the customer and the status of any open or unresolved issues with the customer preventing the payment thereof. Corrective action, if necessary, is taken by the Company to resolve open issues related to unpaid receivables. The allowance for doubtful accounts was \$0 at September 30, 2022 and December 31, 2021. The Company believes that its reserve is adequate, however results may differ in future periods. For the three and nine months ended September 30, 2022 and 2021, bad debt expense totaled \$0.

**BIOSIG TECHNOLOGIES, INC.**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**  
*(unaudited)*

*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 September 30, 2022 and December 31, 2021, deposits in excess of FDIC limits were \$0.06 million and \$11.2 million, respectively.

*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, 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 ASC 825-10, which permits entities to choose to measure many financial instruments and certain other items at fair value.

*Inventory*

The inventory is comprised of raw materials and finished goods available for sale and are stated at the lower of cost or net realizable value using specific identification method for serial numbered inventory and first-in, first-out method for all other inventory for valuation. The inventory at September 30, 2022 and December 31, 2021, inventory was comprised of the following:

	September 30, 2022 (000's)	December 31, 2021 (000's)
Raw materials	\$ 176	\$ -
Finished goods	1,515	1,881
Total inventory	<u>\$ 1,691</u>	<u>\$ 1,881</u>

*Prepaid Expenses and Vendor Deposits*

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

*Leases (lessee)*

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 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.

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*Leases (lessor)*

The Company classifies contractual lease arrangements entered as a lessor as a sales-type, direct financing or operating lease as described in ASC 842-Leases. For sales-type leases, the Company derecognizes the leased asset and recognizes the lease investment on the balance sheet.

*Property and Equipment*

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.

*Other Assets:*

Other assets are comprised of the following:

	September 30, 2022 (000's)	December 31, 2021 (000's)
Security deposits	\$ 43	\$ 42
Trademarks	1	1
Total other assets	<u>\$ 44</u>	<u>\$ 43</u>

*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 nine months ended September 30, 2022 and 2021.

*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 \$1.7 million and \$4.7 million for the three and nine months ended September 30, 2022; \$1.3 million and \$4.2 million for the three and nine months ended September 30, 2021, 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 September 30, 2022 and 2021 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:

	September 30, 2022	September 30, 2021
Series C convertible preferred stock	255,269	64,292
Options to purchase common stock	4,735,484	4,037,122
Warrants to purchase common stock	3,649,123	818,910
Restricted stock units to acquire common stock	190,000	182,500
Totals	<u>8,829,876</u>	<u>5,102,824</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.

*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 nine months ended September 30, 2022, the Company recorded amortization of \$4,751 and \$14,254; and \$4,751 and \$14,254 for the three and nine months ended September 30, 2021 to current period operations, respectively.

*Warranty*

The Company generally warrants its products to be free from material defects and to conform to material specifications for a period of up to two (2) years. Warranty expense is estimated based primarily on historical experience and is reflected in the unaudited condensed consolidated financial statements.

*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).

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*Non-controlling Interest*

The Company's non-controlling interest represents the non-controlling shareholders ownership interests related to the Company's subsidiary, ViralClear. The Company reports its non-controlling interest in subsidiaries as a separate component of equity in the unaudited condensed 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 unaudited condensed consolidated statements of operations. The Company's equity interest in ViralClear is 69.08% and the non-controlling stockholders' interest is 30.92% as of September 30, 2022. This is reflected in the unaudited condensed consolidated statements of changes in equity.

*Warrants*

The Company accounts for stock warrants as either equity instruments, derivative liabilities, or liabilities in accordance with ASC 480, Distinguishing Liabilities from Equity (ASC 480), and ASC 815, Derivatives and Hedging (ASC 815), depending on the specific terms of the warrant agreement.

*Recent Accounting Pronouncements*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model that requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses on available-for-sale debt securities to be recorded through an allowance for credit losses instead of as a reduction in the amortized cost basis of the securities. ASU 2016-13 was effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. Early adoption was permitted, including adoption in any interim period.

In February 2020, the FASB issued ASU 2020-02, *Financial Instruments-Credit Losses* (Topic 326) and *Leases* (Topic 842) - *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 119 and Update to SEC Section on Effective Date Related to Accounting Standards Update No. 2016-02, Leases* (Topic 842), which amended the effective date of the original pronouncement for smaller reporting companies. ASC 2016-13 and its amendments will be effective for annual and interim periods beginning after December 15, 2022 for smaller reporting companies. The Company does not expect to have a material impact on the Company's financial position, results of operations or cash flows upon adoption of this new standard.

There were other 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 September 30, 2022 and December 31, 2021 is summarized as follows:

	September 30, 2022 (000's)	December 31, 2021 (000's)
Computer equipment	\$ 397	\$ 383
Furniture and fixtures	85	88
Manufacturing equipment	344	286
Testing/Demo equipment	298	145
Leasehold improvements	84	79
Total	1,208	981
Less accumulated depreciation	(523)	(329)
Property and equipment, net	<u>\$ 685</u>	<u>\$ 652</u>

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Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years. Leasehold improvements are depreciated over the related expected lease term. 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.

Depreciation expense was \$79,312 and \$195,937 for three and nine months ended September 30, 2022 and \$46,205 and \$128,152 for the three and nine months ended September 30, 2021, respectively.

**NOTE 5 – RIGHT TO USE ASSETS AND LEASE LIABILITY**

On April 4, 2022, the Company entered into a Seventh Amendment to the Office Lease at 12424 Wilshire Blvd in Los Angeles dated August 9, 2011 (the “Seventh Amendment”) – it is the Fifth Extended Term with respect to Suite 745 and the Expansion Term with respect to Suite 740 which is from July 1, 2022 until July 31, 2025 with a fixed monthly rent beginning at \$14,124 and escalating yearly to \$15,130 in the final year. The security deposit remains unchanged at \$27,404.

The Company determined that the Seventh Amendment was a lease modification and accordingly reassessed the lease classification, remeasured the lease liability and adjusted the right-to-use asset. At April 4, 2022, the Company removed the remaining right-to-use net assets of \$42,312 and related lease liability of \$40,564 and recorded right-to-use assets and related lease liability of \$502,445.

As of September 30, 2022 and December 31, 2021, the Company had outstanding four leases with aggregate payments of \$32,143 per month, expiring through July 31, 2025.

Right to use assets is summarized below:

	<b>September 30, 2022 (000's)</b>	<b>December 31, 2021 (000's)</b>
Right to use asset	\$ 1,087	\$ 803
Less accumulated amortization	(268)	(199)
Right to use assets, net	<u>\$ 819</u>	<u>\$ 604</u>

During the three and nine months ended September 30, 2022, the Company recorded \$116,725 and \$333,071 and \$120,127 and \$365,366 for the three and nine months ended September 30, 2021 as lease expense to current period operations, respectively.

Lease liability is summarized below:

	<b>September 30, 2022 (000's)</b>	<b>December 31, 2021 (000's)</b>
Total lease liability	\$ 882	\$ 656
Less: short term portion	(346)	(283)
Long term portion	<u>\$ 536</u>	<u>\$ 373</u>

Maturity analysis under these lease agreements are as follows (000's):

Three months ended December 31, 2022	\$ 98
Year ended December 31, 2023	393
Year ended December 31, 2024	370
Year ended December 31, 2025	106
Total	<u>967</u>
Less: Present value discount	(85)
Lease liability	<u>\$ 882</u>



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Lease expense for the three months ended September 30, 2022 and 2021 was comprised of the following:

	September 30, 2022 (000's)	September 30, 2021 (000's)
Operating lease expense	\$ 78	\$ 105
Short-term lease expense	10	15
Variable lease expense	29	-
Total	<u>\$ 117</u>	<u>\$ 120</u>

Lease expense for the nine months ended September 30, 2022 and 2021 was comprised of the following:

	September 30, 2022 (000's)	September 30, 2021 (000's)
Operating lease expense	\$ 244	\$ 334
Short-term lease expense	28	31
Variable lease expense	61	-
Total	<u>\$ 333</u>	<u>\$ 365</u>

**NOTE 6 – LEASE RECEIVABLES**

On July 1, 2022, the Company entered a lease for our Pure EP system at a rate of \$4,333 per month. The term of the lease is for 30 months with an option provided to extend for an addition one year. The lease also has an option to purchase at the end of the lease at the fair market value.

The Company determined the lease meets the criteria of a sales-type lease whereby the present value of the future expected revenue (less the present value of the estimated unguaranteed residual value), cost of sales and profit and loss are recognized at the lease inception. The discount rate utilized was the contract explicit rate of 2% per annum. The present value of the unguaranteed residual assets of \$2 are included in net investment in leases in the balance sheet.

A reconciliation of lease receivables with customers for the nine months ended September 30, 2022 is presented below (none for 2021):

*Nine months ended September 30, 2022:*

	Balance at December 31, 2021 (000's)	Recognized in Revenue (000's)	Invoiced to Customer (000's)	Interest Earned (000's)	Balance at September 30, 2022 (000's)
Contract asset	\$ -	\$ 127	\$ (13)	\$ -	\$ 114
Less current portion	-	-	-	-	(50)
Noncurrent portion	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ (13)</u>	<u>\$ -</u>	<u>\$ 64</u>

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Future cash flows under this lease agreement are as follows (000's):

Three month ended December 31, 2022	\$	13
Year ended December 31, 2023		52
Year ended December 31, 2024		52
Total		117
Less: Present value discount		(3)
Net investment in leases	\$	114

**NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses at September 30, 2022 and December 31, 2021 consist of the following:

	September 30, 2022 (000's)	December 31, 2021 (000's)
Accrued accounting and legal	\$ 319	\$ 204
Accrued reimbursements and travel	51	56
Accrued consulting	225	264
Accrued research and development expenses	598	367
Accrued product purchases	-	1
Accrued marketing	268	38
Accrued office and other	113	84
Accrued payroll	505	552
Accrued settlement related to arbitration	13	613
	\$ 2,092	\$ 2,179

**NOTE 8 – STOCKHOLDERS' EQUITY**

*Preferred stock*

The Company is authorized to issue 1,000,000 shares of \$0.001 par value preferred stock. As of September 30, 2022 and December 31, 2021, 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, 1,000 shares of Series E Preferred Stock and 200,000 shares of Series F Preferred Stock. As of September 30, 2022 and December 31, 2021, there were no outstanding shares of Series A, Series B, Series D, Series E and Series F preferred stock.

*Series C Preferred Stock*

As of September 30, 2022 and December 31, 2021, the Company had 105 shares of Series C Preferred stock issued and outstanding. During the nine months ended September 30, 2022, the conversion price of the Series C Preferred stock was reset from \$2.27 per share to \$0.63 per share. As such, the Company recorded a noncash deemed dividend of \$124,953 during the nine months ended September 30, 2022.

*Common stock*

The Company is authorized to issue 200,000,000 shares of \$0.001 par value common stock. As of September 30, 2022 and December 31, 2021, the Company had 45,797,952 and 35,567,180 shares issued and outstanding, respectively.

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During the nine months ended September 30, 2022, the Company issued 1,880,000 shares of common stock for services at a fair value of \$2,083,500.

During the nine months ended September 30, 2022, the Company issued an aggregate of 158,749 shares of its common stock for vested restricted stock units.

*Sale of common stock*

On March 21, 2022, the Company entered into a securities purchase agreement with several institutional and accredited investors, pursuant to which the Company sold in a registered direct offering an aggregate of 2,613,130 shares of the Company's common stock, at an offering price of \$1.15 per share and warrants to purchase up to 2,613,130 shares of common stock at an exercise price of \$1.40 per share, that are exercisable six months after the date of issuance and will expire three and one-half years following the date of issuance, for gross proceeds of approximately \$3.0 million, net of expenses of approximately \$3,000.

On June 24, 2022, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Laidlaw & Company (UK) Ltd. (the "Underwriter"), which was amended and restated on June 28, 2022 (the "Amended and Restated Underwriting Agreement"), relating to a best-efforts public offering (the "June 2022 Offering") of 4,341,667 shares of the Company's common stock. The public offering price of the common stock was \$0.75 per share. After the underwriting discounts, which includes a reduced discount with respect to certain Company-introduced investors, and offering expenses, the Company received net proceeds from the offering of approximately \$2,818,000.

Pursuant to the Amended and Restated Underwriting Agreement, the Company issued to the Underwriter, or its designees warrants to purchase up to an aggregate 217,083 shares of common stock, or 5% of the number of common stock sold in the offering. The underwriter warrants are exercisable following the date of issuance and ending five years from the date of the execution of the Underwriting Agreement, at a price per share equal to \$0.90 per share (120% of the public offering price per share) and are exercisable on a "cashless" basis. The Company also agreed to reimburse the Underwriter for certain of their out-of-pocket expenses incurred in connection with the offering, including, among other things, the reasonable fees and expenses of counsel, which fees and expenses may not exceed \$125,000.

*ATM Sales Agreement*

On May 17, 2022, the Company entered into an ATM Sales Agreement (the "Sales Agreement") with Virtu Americas LLC to act as the Company's sales agent or principal ("Agent"), with respect to the issuance and sale of up to \$10.0 million of the Company's shares of common stock, from time to time in an at-the-market public offering.

The Company will pay Agent a commission of up to 2.5% of the gross proceeds from the sale of the common stock pursuant to the Sales Agreement.

From May 19, 2022 through September 28, 2022, the Company sold 1,237,226 shares of its common stock through the Sales Agreement for net proceeds of \$1,108,716, after transactional costs of \$67,130.

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**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 (as amended) provides for the issuance of options, stock appreciation rights, restricted stock and restricted stock units to purchase up to 14,474,450 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 1,144,023 shares remaining available for future issuance of awards under the terms of the Plan as of September 30, 2022.

*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 historical stock prices of the Company. The Company accounts for the expected life of options using the 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.

During the nine months ended September 30, 2022, the Company granted an aggregate of 1,278,000 options to officers, directors and key consultants.

The following table presents information related to stock options at September 30, 2022:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options	
\$ Under 1.00	248,000	9.8	50,000	
1.00-1.99	1,030,000	8.4	65,000	
2.00-2.99	875,375	9.1	474,375	
3.00-3.99	437,466	3.9	406,215	
4.00-4.99	1,270,916	5.0	1,077,147	
5.00-5.99	156,132	6.4	133,210	
6.00-6.99	366,542	5.0	348,350	
7.00-7.99	157,720	6.0	151,054	
Over 8.00	193,333	4.7	183,319	
	4,735,484	6.7	2,888,670	

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A summary of the stock option activity and related information for the Plan for the nine months ended September 30, 2022 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2021	4,568,484	\$ 4.57	6.9	\$ -
Grants	1,278,000	\$ 1.20	10.0	\$ -
Forfeited/expired/canceled	(1,111,000)	\$ 4.69		
Outstanding at September 30, 2022	4,735,484	\$ 3.63	6.7	\$ -
Exercisable at September 30, 2022	2,888,670	\$ 4.66	5.7	\$ -

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 \$0.64 as of September 30, 2022, which would have been received by the option holders had those option holders exercised their options as of that date.

During the nine months ended September 30, 2022, the Company granted an aggregate of 1,078,000 options to purchase the Company's common stock in connection with services rendered at exercise prices from \$0.80 to \$1.72 per share for a term of ten years from issuance with one-third vesting on the one-year anniversary and two-thirds vesting quarterly thereafter for two years.

During the nine months ended September 30, 2022, the Company granted an aggregate of 100,000 options to purchase the Company's common stock in connection with addition of two board members at exercise prices from \$0.82 to \$0.87 per share for a term of ten years from issuance with half vesting immediately and half vesting at one year anniversary.

On February 7, 2022, the Company granted an aggregate of 100,000 options to purchase the company's common stock in connection with the services rendered at the exercise price of \$1.72 per share for a term of ten years with vesting on the quarterly for one year.

The following assumptions were used in determining the fair value of options during the nine months ended September 30, 2022:

Risk-free interest rate	1.17% - 4.06%
Dividend yield	0%
Stock price volatility	83.83% to 92.93%
Expected life	5.5 to 10 years
Weighted average grant date fair value	\$ 0.85

On March 16, 2022, in connection with the termination of a Company executive, the Company extended the life of 100,000 previously issued options from the contractual 90 days from termination of service to the earlier of the initial life or March 16, 2024. The change in estimated fair value of the modified options of \$15,181 was charged to current period operations.

The following assumptions were used in determining the change in fair value of the modified options at March 16, 2022:

Risk-free interest rate	0.44% - 1.95%
Dividend yield	0%
Stock price volatility	83.86%
Expected life	0.25 - 2 years

The fair value of all options vesting during the three and nine months ended September 30, 2022 of \$416,906 and \$1,423,292 and \$759,931 and \$1,950,623 for the three and nine months ended September 30, 2021, respectively, was charged to current period operations. Unrecognized compensation expense of \$1,894,247 at September 30, 2022 which the Company expects to recognize over a weighted average period of 1.02 years.

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*Warrants*

The following table summarizes information with respect to outstanding warrants to purchase common stock of BioSig Technologies, Inc. at September 30, 2022:

Exercise Price	Number Outstanding	Expiration Date
\$ 0.90	217,083	June 2027
\$ 1.40	2,613,130	September 2025
\$ 4.80	250,000	February 2025 to July 2026
\$ 6.16	568,910	November 2027
	<u>3,649,123</u>	

On March 21, 2022, the Company issued warrants to purchase 2,613,130 shares of its common stock at an exercise price of \$1.40 per share, that are exercisable six months after the date of issuance and will expire three and one-half years following the date of issuance in connection with the sale of the Company's common stock.

On June 29, 2022, the Company issued warrants to purchase 217,083 shares of common stock at an exercise price of \$0.90 per share and will expire five years following the date of the execution of the Underwriting Agreement in connection with the sale of common stock in the June 2022 Offering.

A summary of the warrant activity for the nine months ended September 30, 2022 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2021	818,910	\$ 5.74	5.3	\$ -
Issued	2,830,213	\$ 1.36	3.4	-
Outstanding at September 30, 2022	3,649,123	\$ 2.35	3.7	\$ -
Vested and expected to vest at September 30, 2022	3,649,123	\$ 2.35	3.4	\$ -
Exercisable at September 30, 2022	3,649,123	\$ 2.35	3.4	\$ -

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 \$0.64 of September 30, 2022, which would have been received by the option holders had those option holders exercised their options as of that date.

*Restricted Stock Units*

The following table summarizes the restricted stock activity for the nine months ended September 30, 2022:

Restricted shares issued as of December 31, 2021	141,250
Granted	237,500
Vested and issued	(158,749)
Forfeited	(30,001)
Vested restricted shares as of September 30, 2022	-
Unvested restricted shares as of September 30, 2022	190,000

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On March 8, 2022, the Company granted an aggregate of 37,500 restricted stock units for services with 12,500 vesting upon achievement of certain performance conditions and 25,000 vesting quarterly for one year.

On May 6, 2022, the Company granted 50,000 restricted stock units for services vesting one year from the date of issuance.

On July 15, 2022, the Company granted 150,000 restricted stock units for services vesting monthly for six months from the date of issuance.

Stock based compensation expense related to restricted stock grants was \$105,092 and \$246,633 for the three and nine months ended September 30, 2022 and \$63,266 and \$773,381 for the three and nine months ended September 30, 2021, respectively. As of September 30, 2022, the stock-based compensation relating to restricted stock of \$144,433 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 ViralClear 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 ViralClear 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 ViralClear Plan and determines the exercise price, vesting and expiration period of the grants under the ViralClear 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 2,415,074 shares remaining available for future issuance of awards under the terms of the ViralClear Plan.

*ViralClear Options*

The following table presents information related to stock options at September 30, 2022:

Options Outstanding			Options Exercisable	
Exercise Price	Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options	
\$ 5.00	25,000	1.8	25,000	

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A summary of ViralClear's stock option activity and related information for the Plan for the nine months ended September 30, 2022 is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2021	125,000	\$ 5.00	7.2	\$ -
Forfeited/expired	(100,000)	\$ 5.00		
Outstanding at September 30, 2022	25,000	\$ 5.00	1.8	\$ -
Exercisable at September 30, 2022	25,000	\$ 5.00	1.8	\$ -

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.

The fair value of all options vesting during the three and nine months ended September 30, 2022 of \$0 and \$36,520 and \$36,521 and \$109,562 for the three and nine months ended September 30 2021, respectively, was charged to current period operations. Unrecognized compensation expense of \$0 at September 30, 2022 will be expensed in future periods.

*Warrants (ViralClear)*

The following table presents information related to warrants (ViralClear) at September 30, 2022:

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

*Restricted stock units (ViralClear)*

The following table summarizes the restricted stock activity for the nine months ended September 30, 2022:

Restricted shares outstanding at December 31, 2021:	1,318,679
Forfeited	(240,000)
Total restricted shares outstanding at September 30, 2022:	1,078,679
Comprised of:	
Vested restricted shares as of September 30, 2022	678,679
Unvested restricted shares as of September 30, 2022	400,000
Total	1,078,679

Stock based compensation expense related to restricted stock unit grants of ViralClear was \$14,535 and \$(1,086,628) for the three and nine months ended September 30, 2022 and \$87,865 and \$508,896 for the three and nine months ended September 30, 2021, respectively. As of September 30, 2022, the stock-based compensation relating to restricted stock of \$72,675 remains unamortized.



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**NOTE 10 – NON-CONTROLLING INTEREST**

On November 7, 2018, the Company formed a subsidiary, now known as ViralClear, to pursue additional applications of the PURE EP™ signal processing technology outside of cardiac electrophysiology, and subsequently in 2020, was repurposed to develop merimepodib, a broad-spectrum anti-viral agent that showed potential for the treatment of COVID-19. Since late 2020, ViralClear has been realigned with its original objective of pursuing additional applications of the PURE EP™ signal processing technology outside of cardiac electrophysiology.

As of September 30, 2022 and December 31, 2021, the Company had a majority interest in ViralClear of 69.08% and 68.44%, respectively.

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

Net loss attributable to the non-controlling interest for the three months ended September 30, 2022 (000's):

Net loss	\$ (364)
Average Non-controlling interest percentage of profit/losses	31.0%
Net loss attributable to the non-controlling interest	<u>\$ (113)</u>

Net income attributable to the non-controlling interest for the three months ended September 30, 2021 (000's):

Net income	\$ 19
Average Non-controlling interest percentage of profit/losses	31.6%
Net income attributable to the non-controlling interest	<u>\$ 6</u>

Net loss attributable to the non-controlling interest for the nine months ended September 30, 2022 (000's):

Net loss	\$ (549)
Average Non-controlling interest percentage of profit/losses	31.3%
Net loss attributable to the non-controlling interest	<u>\$ (172)</u>

Net loss attributable to the non-controlling interest for the nine months ended September 30, 2021 (000's):

Net loss	\$ (1,953)
Average Non-controlling interest percentage of profit/losses	29.9%
Net loss attributable to the non-controlling interest	<u>\$ (584)</u>

The following table summarizes the changes in non-controlling interest for the nine months ended September 30, 2022 (000's):

Balance, December 31, 2021	\$ 219
Allocation of equity to non-controlling interest due to subsidiary shares issued in settlement of debt to parent	292
Allocation of equity to non-controlling interest due to equity-based compensation issued	(327)
Net loss attributable to non-controlling interest	(172)
Balance, September 30, 2022	<u>\$ 12</u>

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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

***Licensing agreements***

*Master Services Agreement*

On January 1, 2022, the Company entered into a master services agreement with Access Strategy Partners Incorporated (“ASPI”) whereby ASPI will provide commercial executives assigned with specific customer targets and develop sales and marketing plans that are mutually agreed to between ASPI and the Company and assist in their execution. The agreement expires two years from the effective date, with an addition one year extension option.

The Company is obligated to pay ASPI: i) a monthly service fee of \$40,000 and ii) 10% commission on all New Account revenue, as defined, on a quarterly basis. At September 30, 2022 and December 31, 2021, accounts payable due under the contract was \$41 and \$0, respectively.

*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.

*Patent and Know-How License Agreement – EP Software 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 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.

*Amended and Restated Patent and Know-How License Agreement – Tools 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 June 2021, patent rights were issued (“Valid Claim”) as defined whereby the Company paid milestone one of \$75,000 during the 2021 year.

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In connection with the Tools Agreement, 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, ViralClear 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. In June 2021, patent rights were issued ("Valid Claim") as defined whereby the Company paid milestone one of \$75,000 during the 2021 year.

*Trek Therapeutics, PBC*

In the event of sublicensing, sale, transfer, assignment or similar transaction, ViralClear agreed to pay 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 marketing authorization (as amended and 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 \$10 million and \$5 million, respectively, in addition to 6% royalty payments.

***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 nine months ended September 30, 2022, the Company charged operations \$57,044 and \$192,572 and \$61,313 and \$189,740 for the three and nine months ended September 30, 2021, respectively, for contributions under the 401(k) Plan.

***Purchase commitments***

As of September 30, 2022, the Company had aggregate purchase commitments of approximately \$2,366,375 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.

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**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 three reportable segments: BioSig Technologies, Inc. (parent), NeuroClear Technologies, Inc. and ViralClear Pharmaceuticals, Inc.

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

	Three Months Ended September 30, 2022 (000's)	Three Months Ended September 30, 2021 (000's)	Nine Months Ended September 30, 2022 (000's)	Nine Months Ended September 30, 2021 (000's)
Revenues (from external customers)				
BioSig	\$ 135	\$ 108	\$ 151	\$ 433
ViralClear	-	-	-	-
NeuroClear	-	-	-	-
	\$ 135	\$ 108	\$ 151	\$ 433
	Three Months Ended September 30, 2022 (000's)	Three Months Ended September 30, 2021 (000's)	Nine Months Ended September 30, 2022 (000's)	Nine Months Ended September 30, 2021 (000's)
Operating Expenses:				
BioSig	\$ 6,226	\$ 7,336	\$ 19,836	\$ 22,135
ViralClear	364	534	549	2,506
NeuroClear	1	1	3	5
	\$ 6,591	\$ 7,871	\$ 20,388	\$ 24,646
	Three Months Ended September 30, 2022 (000's)	Three Months Ended September 30, 2021 (000's)	Nine Months Ended September 30, 2022 (000's)	Nine Months Ended September 30, 2021 (000's)
Loss from Operations				
BioSig	\$ (6,121)	\$ (7,266)	\$ (19,715)	\$ (21,901)
ViralClear	(364)	(534)	(549)	(2,506)
NeuroClear	(1)	(1)	(3)	(5)
	\$ (6,486)	\$ (7,801)	\$ (20,267)	\$ (24,412)
			September 30, 2022 (000's)	December 31, 2021 (000's)
Total Assets				
BioSig			\$ 4,699	\$ 13,595
ViralClear			306	1,924
NeuroClear			10	-
			\$ 5,015	\$ 15,519

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**NOTE 13 – RELATED PARTY TRANSACTIONS**

Accrued expenses related primarily to travel reimbursements and director fees due related parties as of September 30, 2022 and December 31, 2021 was \$106,659 and \$86,208, respectively.

During the three and nine months ended September 30, 2022 and 2021, the Company's Chief Financial Officer guaranteed issued corporate credit cards for no consideration.

**NOTE 14 – SUBSEQUENT EVENTS**

*Equity Transactions*

During the months of October and November 2022, the Company sold 1,635,015 shares of its common stock through an At-the-Market Sales Agreement for net proceeds of \$907,003, after transactional costs of \$23,257.

On October 13, 2022, the Company issued 2,500 shares of its common stock for vested restricted stock units.

On October 18, 2022, the Company issued 25,000 shares of its common stock for vested restricted stock units.

On October 26, 2022, the Company issued a restricted stock unit for 150,000 shares to a consultant for services rendered with 50,000 shares vesting immediately and 100,000 shares vesting in six months at the end of the consulting period upon successful performance under the agreement from the date of grant; valued at \$75,030. The vested shares of 50,000 were issued on October 28, 2022.

On October 28, 2022, the Company issued a restricted stock unit for 50,000 shares to a consultant for services rendered, vesting over monthly over six months from the date of grant, valued at \$25,500.

On November 3, 2022, the Company reduced the exercise price of 2,613,130 previously issued warrants from an exercise price of \$1.40 per share to \$0.25 per share only through November 10, 2022. From November 8 through November 10, 2022, the Company issued an aggregate of 510,000 shares of its common stock for the exercise of warrants for net proceeds of \$127,500.

*Sales-type Lease*

On October 1, 2022, the Company entered into a lease for our PURE EP system at a rate of \$4,333 per month. The term of the lease is for 30 months with an option provided to extend for an additional one year. The lease also has an option to purchase at the end of the lease at the fair market value.

## 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.**

BioSig Technologies is a medical technology company commercializing an advanced digital signal processing technology platform to deliver never-before-seen insights to the treatment of cardiovascular arrhythmias. Through collaboration with physicians, experts, and healthcare leaders across the field of electrophysiology (EP), we are committed to addressing healthcare's biggest priorities — saving time, saving costs, and saving lives.

Our first product, the PURE EP™ System, is an FDA 510(k) cleared non-invasive class II device, with newly released software including our ACCUVIZ™ Module introducing the proprietary High Frequency Algorithm (HFA). HFA is a novel feature that identifies the key frequency components of cardiac data that can be difficult to identify within the traditional waveform presentation. Other unique software functionalities—including Automatic Tachycardia Characterization (ATC) and TRUSOURCE Analysis & Report—aim to improve clinical workflow and deliver clear, actionable insights to today's electrophysiologist during cardiac catheter ablation, a procedure that involves delivery of energy through the tip of a catheter to correct heart rhythm disturbances (arrhythmias).

The PURE EP System is currently in a national commercial launch and in regular use at healthcare systems, such as Mayo Clinic, Texas Cardiac Arrhythmia Institute, Cleveland Clinic, and Kansas City Heart Rhythm Institute. In a blinded clinical study published in the Journal of Cardiovascular Electrophysiology, electrophysiologists rated PURE EP™ as equivalent or superior to conventional systems for 93.6% of signal samples, with 75.2% earning a superior rating.

In July 2022, we entered into our first national purchasing agreement with HCA Management Services, L.P. whereby Kansas City Heart Institute at Overland Park Regional Medical Center in Kansas City, Missouri acquired our Pure EP system under the terms of the new agreement with a 30-month lease of the system. Following Overland Park, the San Antonio Methodist Hospital purchased the PURE EP System under the same terms in October 2022.

In August 2022, we installed a second evaluation system at the Cleveland Clinic - both Main and Fairview campuses of Cleveland Clinic's Heart, Vascular & Thoracic Institute are now evaluating PURE EP™. The additional installation will support the medical center's clinical evaluation of the PURE EP™ System and expand physician access to our signal processing technology. To date, Cleveland Clinic has performed over 60 cases with 18 electrophysiologists utilizing the system. Additionally, we recently expanded our clinical footprint in the Midwest with evaluation agreements at the leading medical centers in Illinois and Wisconsin.

In addition to clinical evaluation, we have conducted pre-clinical evaluation with the PURE EP™ System under several protocols. At Mayo Clinic in Rochester, Minnesota, we have performed twenty-seven experiments (including novel research programs such as Artificial Intelligence, or AI, and repolarization) in various animal models; we also conducted a pre-clinical study at the Mount Sinai Hospital in New York, New York, with an emphasis on the VT model; and six experiments to date during a study at the University of Pennsylvania. We intend to continue additional research and development studies with our technology at institutions including Mayo Clinic and Cleveland Clinic.

Our owned patent portfolio now includes 15 issued utility patents. Twenty two additional worldwide utility patent applications are pending covering various aspects of our PURE EP System for recording, measuring, calculating and displaying of electrocardiograms during cardiac ablation procedures. We also have two pending U.S. patent applications directed to artificial intelligence (AI). We also have 30 allowed/issued worldwide design patents, which cover various features of our display screens and graphical user interface for enhanced visualization of biomedical signals. Finally, we have licenses to 4 patents and 17 additional worldwide utility patent applications from Mayo Foundation for Medical Education and Research that are pending. These patents and applications are generally directed to electroporation and stimulation.

#### ***ViralClear Pharmaceuticals, Inc.***

ViralClear Pharmaceuticals, Inc. (“ViralClear”) is a majority-owned subsidiary of the Company originally known as NeuroClear Technologies, Inc. The subsidiary was established November 2018 to pursue additional applications of the PURE EP™ signal processing technology outside of EP. In March 2020, it was renamed ViralClear to develop merimepodib, a broad-spectrum anti-viral agent that showed potential to treat COVID-19. We currently do not intend to further develop merimepodib. Since late 2020, ViralClear has been realigned with its original objective of pursuing additional applications of the PURE EP™ signal processing technology outside of cardiac electrophysiology. As of September 30, 2022, the Company retains 69.08% ownership of ViralClear.

#### **Results of Operations (000's)**

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, the timing and outcome of future regulatory submissions and uncertainty around the current pandemic. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

#### ***Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021 (000's)***

*Revenues and Cost of Goods Sold.* Revenue for the three months ended September 30, 2022 totaled \$135 comprised of product sales of \$127 and recognized service revenue of \$8 as compared to \$108 for the three months ended September 30, 2021 comprised of product sales of \$100 and recognized service revenue of \$8.

We derive our revenue primarily from the sale and lease of our medical device, PURE EP system, as well as related support and maintenance services and software upgrades in connection with the system.

We recognize revenue in accordance with Accounting Standards Codification (ASC) 842, *Leases* for lease components and ASC 606, *Revenue from Contracts with Customers* (“ASC 606”) for non-lease components. For medical device sales, we recognize revenue under ASC 606.

The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Cost of revenue for the three months ended September 30, 2022, was \$30 as compared to \$38 for the three months ended September 30, 2021.

Gross profit from the three months ended September 30, 2022 was \$105, or 77.8%, as compared to \$70, or 64.8%, for the three months ended September 30, 2021.

In 2021, we had limited release of our product and our commercial launch began July 1, 2022.

**Research and Development Expenses.** Research and development expenses for the three months ended September 30, 2022 were \$1,733, an increase of \$418, or 31.8%, from \$1,315 for the three months ended September 30, 2021. The increase is primarily due to increased design work and staffing levels for the three months ended September 30 2022 as compared to three months ended September 30, 2021. Research and development expenses were comprised of the following:

Three months ended:

	September 30, 2022	September 30, 2021
Salaries and equity compensation	\$ 854	\$ 751
Consulting expenses	193	177
Research and clinical studies and design work	556	190
Data/AI development	19	84
Regulatory	7	68
Travel, supplies, other	104	45
Total	<u>\$ 1,733</u>	<u>\$ 1,315</u>

Stock based compensation for research and development personnel was \$115 and \$371 for the three months ended September 30, 2022 and 2021, respectively.

**General and Administrative Expenses.** General and administrative expenses for the three months ended September 30, 2022 were \$4,774, a decrease of \$1,731, or 26.6%, from \$6,505 incurred in the three months ended September 30, 2021. This decrease is primarily due to reduction in the activities of our ViralClear segment, net with 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 decreased to \$1,947 in the current period from \$2,134 for the three months ended September 30, 2021, a decrease of \$187, or 8.8%. The decrease was primarily due to staff changes and mix in commercialization, sales and general and administration in the BioSig segment. We incurred \$422 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 September 30, 2022, as compared to \$1,931 in stock-based compensation for the same period in 2021, a decrease of \$1,509 or 78.1%.

Professional services for the three months ended September 30, 2022, totaled \$293, an increase of \$22, or 8.1%, from the \$271 recognized for the three months ended September 30, 2021. Of professional services, legal fees totaled \$188 for the three months ended September 30, 2022, a decrease of \$34, or 15.3%, from \$222 incurred for the three months ended September 30, 2021. The decrease is primarily due to costs incurred in 2021 for financing, contract work and patent filings for the BioSig segment not incurred in current period. Accounting fees incurred in the three months ended September 30, 2022, amounted to \$19, a decrease of \$19, or 50.0%, from \$38 incurred in same period the prior year. In 2021, we incurred added audit costs for both the BioSig and ViralClear segments.

Consulting, public and investor relations fees for the three months ended September 30, 2022 were \$1,663 as compared to \$1,005 incurred for the three months ended September 30, 2021, an increase of \$658, or 65.5%. The increase in consulting, marketing and investor relations fees during the three months ended September 30, 2022 related to our efforts to develop our recognition throughout the medical industry in an effective manner.

Travel, meals and entertainment costs for the three months ended September 30, 2022 were \$315, an increase of \$3, or 1.0%, from \$312 incurred in the three months ended September 30, 2021. Travel, meals and entertainment costs include travel related to business development and financing.

Rent for the three months ended September 30, 2022 totaled \$109, a decrease of \$10, or 8.4%, from \$119 incurred in three months ended September 30, 2021. The decrease in rent for 2022 as compared to 2021 is due primarily to a lower negotiated rent for our Los Angeles offices beginning July 1, 2021 and reduction of our rent in our Connecticut headquarters with our move to a larger facility in September 2021 as compared to 2021.

**Depreciation and Amortization Expense.** Depreciation and amortization expense for the three months ended September 30, 2022 totaled \$84, an increase of \$33, or 64.7%, over the expense of \$51 incurred in the three months ended September 30, 2021, as a result of the adding additional office computers, manufacturing and other equipment.



*Preferred Stock Dividends.* Preferred stock dividend for the three months ended September 30, 2022 and 2021 totaled \$2. Preferred stock dividends are related to the dividends accrued on our Series C Preferred Stock issued during the period from 2013 through 2015. In addition, the Series C Preferred stock conversion rate reset from \$0.75 to \$0.63 in the third quarter of 2022, therefore we recorded a noncash deemed preferred stock dividend of \$17 during the three months ended September 30, 2022.

*Net Loss Attributable to BioSig Technologies, Inc. Common Shareholders.* As a result of the foregoing, net loss attributable to common shareholders for the three months ended September 30, 2022 was \$6,391 compared to a net loss of \$7,255 for the three months ended September 30, 2021.

***Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021 (000's)***

*Revenues and Cost of Goods Sold.* Revenue for the nine months ended September 30, 2022 totaled \$151 comprised of product sales of \$127 and recognized service revenue of \$24 as compared to \$433 for the nine months ended September 30, 2021 comprised of product sales of \$414 and recognized service revenue of \$19.

We derive our revenue primarily from the sale and lease of our medical device, PURE EP system, as well as related support and maintenance services and software upgrades in connection with the system.

We recognize revenue in accordance with Accounting Standards Codification (ASC) 842, *Leases* for lease components and ASC 606, *Revenue from Contracts with Customers* ("ASC 606") for non-lease components. For medical device sales, we recognize revenue under ASC 606.

The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Cost of revenue sold for the nine months ended September 30, 2022, was \$30 as compared to \$199 for the nine months ended September 30, 2021.

Gross profit from the nine months ended September 30, 2022 was \$121, or 80.1%, as compared to \$234, or 54.0%, for the nine months ended September 30, 2021.

In 2021, we had limited release of our product and our commercial launch began in July 2022.

*Research and Development Expenses.* Research and development expenses for the nine months ended September 30, 2022 were \$4,701, an increase of \$453, or 10.7%, from \$4,248 for the nine months ended September 30, 2021. Research and development expenses were comprised of the following:

Nine months ended:

	September 30, 2022	September 30, 2021
Salaries and equity compensation	\$ 3,013	\$ 2,026
Consulting expenses	364	531
Research and clinical studies and design work	752	881
Acquired Research and Development	-	150
Data/AI development	97	295
Regulatory	36	136
Product development	-	15
Travel, supplies, other	439	214
Total	<u>\$ 4,701</u>	<u>\$ 4,248</u>

Stock based compensation for research and development personnel was \$828 and \$454 for the nine months ended September 30, 2022 and 2021, respectively.

*General and Administrative Expenses.* General and administrative expenses for the nine months ended September 30, 2022 were \$15,477, a decrease of \$4,779, or 23.6%, from \$20,256 incurred in the nine months ended September 30, 2021. This decrease is primarily due to reduction in the activities of our ViralClear segment, along with reductions in stock based compensation in 2022 as compared to 2021.

Payroll related expenses increased to \$6,521 in the current period from \$6,107 for the nine months ended September 30, 2021, an increase of \$414, or 6.8%. The increase was primarily due to added staff in commercialization, sales and general and administration in the BioSig segment. We incurred \$1,891 in stock-based compensation in connection with the vesting of stock and stock options issued to board members, officers, employees and consultants for the nine months ended September 30, 2022 as compared to \$6,480 in stock-based compensation for the same period in 2021, a decrease of \$4,589 or 70.8%.

Professional services for the nine months ended September 30, 2022, totaled \$799, a decrease of \$236, or 22.8%, from the \$1,035 recognized for the nine months ended September 30, 2021. Of professional services, legal fees totaled \$551 for the nine months ended September 30, 2022; a decrease of \$227, or 29.2%, from \$778 incurred for the nine months ended September 30, 2021. The decrease is primarily due to costs incurred in 2021 for financing, contract work and patent filings for the BioSig segment not incurred in current period. Accounting fees incurred in the nine months ended September 30, 2022, amounted to \$162, an increase of \$13, or 8.7%, from \$149 incurred in same period the prior year. In 2022, we incurred added audit costs for both the BioSig and ViralClear segments.

Consulting, marketing, public and investor relations fees for the nine months ended September 30, 2022 were \$3,043 as compared to \$3,137 incurred for the nine months ended September 30, 2021, a decrease of \$94, or 3.0%. The decrease in consulting, marketing and investor relations fees during the nine months ended September 30, 2022 related to our efficient efforts to develop our recognition throughout the medical industry in an effective manner.

Travel, meals and entertainment costs for the nine months ended September 30, 2022 were \$879, an increase of \$149, or 20.4%, from \$730 incurred in the nine months ended September 30, 2021. Travel, meals and entertainment costs include travel related to business development and financing. The increase in 2022 was due to the lifting of various restrictions imposed by the COVID-19 outbreak leading to increased commercialization effort in 2022 as compared to 2021.

Rent for the nine months ended September 30, 2022 totaled \$322, a decrease of \$31, or 8.8%, from \$353 incurred in nine months ended September 30, 2021. The decrease in rent for 2022 as compared to 2021 is due primarily to a lower negotiated rent for our Los Angeles offices beginning July 1, 2021 and reduction of our rent in our Connecticut headquarters with our move to a larger facility in September 2021 as compared to earlier 2021.

*Depreciation and Amortization Expense.* Depreciation and amortization expense for the nine months ended September 30, 2022 totaled \$210, an increase of \$68, or 47.9%, over the expense of \$142 incurred in the nine months ended September 30, 2021, as a result of the adding additional office computers, manufacturing and other equipment.

*Preferred Stock Dividend.* Preferred stock dividend for the nine months ended September 30, 2022 and 2021 totaled \$7. Preferred stock dividends are related to the dividends accrued on our Series C Preferred Stock issued during the period from 2013 through 2015. In addition, the Series C Preferred stock conversion rate reset from \$2.27 to \$0.63 in 2022, therefore we recorded a noncash deemed preferred stock dividend of \$125 during the nine months ended September 30, 2022.

*Net Loss Attributable to BioSig Technologies, Inc. Common Shareholders.* As a result of the foregoing, net loss attributable to common shareholders for the nine months ended September 30, 2022 was \$20,226 compared to a net loss of \$23,280 for the nine months ended September 30, 2021.

### ***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 nine months ended September 30, 2022 as compared to the three and nine months ended September 30, 2021 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 pandemic and its ongoing effects continues to evolve, and the related health crisis has adversely affected and may continue to adversely affect the global economy, resulting in delays to our commercialization objectives of the PURE EP Systems into the end of 2022.

**Inflation Reduction Act of 2022**

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 that includes, among other provisions, changes to the U.S. corporate income tax system, including a fifteen percent minimum tax based on “adjusted financial statement income,” which is effective for tax years beginning after December 31, 2022, and a one percent excise tax on net repurchases of stock after December 31, 2022. We are continuing to evaluate the Inflation Reduction Act and its requirements, as well as the application to our business, but at this time does not expect the Inflation Reduction Act to have a material impact on our financial results.

**Liquidity, Capital Resources and Going Concern (\$000’s)**

As of September 30, 2022, we had a working capital of \$549, comprised of cash of \$887, accounts receivable of \$5, inventory of \$1,691, lease receivables of \$50 and prepaid expenses and vendor deposits of \$456, which was offset by \$2,092 of accounts payable and accrued expenses, accrued dividends on preferred stock issuances of \$89 and current portions of deferred revenue of \$13 and of lease liability of \$346. For the nine months ended September 30, 2022, we used \$17,591 of cash in operating activities and \$110 of cash in investing activities.

*Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021 (000’s)*

Cash provided by financing activities totaled \$6,929, comprised of proceeds from the sale of our common stock and warrants under direct offerings of \$5,820, net of transactional expenses of \$441, and \$1,109 from the sale of our common stock under our at-the-market offering, net of transactional expenses of \$67.

In the comparable period in 2021, our aggregate cash provided by financing activities totaled \$10,333, comprised of proceeds from the sale of our common stock under direct offering of \$9,005, proceeds from the sale of our common stock in an at-the-market offering of \$1,300 and proceeds from exercise of options of \$28. At September 30, 2022, we had cash of \$887 compared to \$17,535 at September 30, 2021. Our cash is held in bank deposit accounts. At September 30, 2022 and September 30, 2021, we had no convertible debentures outstanding.

Cash used in operations for the nine months ended September 30, 2022 and 2021 was \$17,591 and \$20,668, respectively, which represent cash outlays for research and development and general and administrative expenses in such periods. The decreases in cash outlays principally resulted from reduced operating costs, general and administrative expenses in 2022 and with increases in our operating assets of \$153 and decreases in our operating liabilities of \$344.

We used \$110 cash for investing activities for the nine months ended September 30, 2022, compared to \$398 for the nine months ended September 30, 2021. For the current period and comparable period, we purchased computer, manufacturing and other equipment.

We had an accumulated deficit as of September 30, 2022, of \$209,016, as well as a net loss attributable to BioSig Technologies, Inc. of \$20,226 and negative operating cash flows. We expect to continue incurring losses and negative cash flows from operations until our products (primarily our PURE EP System) reach full commercial profitability.

These conditions raise substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is an issue raised due to our net losses and negative cash flows from operations since inception and our expectation is that these conditions will continue for the foreseeable future. We will require additional financing to fund future operations. Although we have commercial products available for sale, we have not generated significant revenues to date, and there is no assurance that we will be able to generate cash flow to fund operations. In addition, there can be no assurance that our research and development will be successfully completed or that any additional products will be approved or commercially viable. Our ability to continue as a going concern is subject to our ability to obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, obtaining loans from various financial institutions, or being awarded grants from government agencies, where possible. Our continued net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

Our plans include the continued commercialization of the PURE EP System and other applications of our core technology and raising capital through the sale of additional equity securities, debt or capital inflows from strategic partnerships. Our shift from a focus on technology development to commercialization has allowed us to reduce our annual expenses in a meaningful way. As a result of this transition, we have been able to achieve savings through reductions in executive and management compensation and a reduction of our utilization of external consultants and professional service providers. We believe these cost-saving measures combined with our expectations of positive trends in commercial activity create the potential for us to achieve a lower cash flow breakeven rate. There are no assurances, however, that we will be successful in obtaining the level of financing needed for our operations.

The COVID-19 pandemic and its ongoing effects has resulted and continues to result in significant financial market volatility and uncertainty in recent months. In addition, U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions and the ongoing military conflict between Russia and Ukraine.

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.

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 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 September 30, 2022, the aggregate stated value of our Series C Preferred Stock was \$105. The triggering events include our being subject to a judgment of greater than \$100 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, as such we record the Series C Preferred Stock as temporary equity on our consolidated balance sheet. 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 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 being 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.

#### *ATM Sales Agreement*

On May 17, 2022, the Company entered into an ATM Sales Agreement (the “Sales Agreement”) with Virtu Americas LLC to act as the Company’s sales agent or principal (“Agent”), with respect to the issuance and sale of up to \$10.0 million of the Company’s shares of common stock, par value \$0.001 per share (the “Shares”), from time to time in an at-the-market public offering.

Upon delivery of a placement notice and subject to the terms and conditions of the Sales Agreement, Virtu Americas LLC may sell the common stock by any method permitted by law deemed to be an “at the market offering” as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended (the “Securities Act”). The Company may sell the common stock in amounts and at times to be determined by the Company from time to time subject to the terms and conditions of the Sales Agreement, but it has no obligation to sell any of the common stock under the Sales Agreement. The Company or Virtu Americas LLC may suspend or terminate the offering of common stock upon notice to the other party and subject to other conditions. Virtu Americas LLC will act as sales agent on a commercially reasonable efforts basis consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of Nasdaq.

The Company will pay Agent a commission of up to 3.0% of the gross proceeds from the sale of the common stock pursuant to the Sales Agreement.

The offering of common stock pursuant to the Sales Agreement will terminate upon the earlier of (i) the sale of all common stock subject to the Sales Agreement or (ii) termination of the Sales Agreement in accordance with its terms.

The common stock was sold and issued pursuant the Company’s shelf registration statement on Form S-3 (File No. 333-251859), which was previously declared effective by the Securities and Exchange Commission, and a related prospectus.

### **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.

### ***Revenue Recognition***

We derive our revenue primarily from the sale or lease of our medical device, the PURE EP™ System, as well as related support and maintenance services and software upgrades in connection with the system.

We recognize revenue in accordance with Accounting Standards Codification (ASC) 842, *Leases* (“ASC 842”) for lease components and ASC 606, *Revenue from Contracts with Customers* (“ASC 606”) for non-lease components. For medical device sales, the Company recognize revenue under ASC 606.

The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under ASC 606, the Company determines revenue recognition through the following five steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligation in the contract; and
- Recognize revenue when, or as, the performance obligations are satisfied.

Performance obligations are the unit of accounting for revenue recognition and generally represent the distinct goods or services that are promised to the customer. If we determine that it has not satisfied a performance obligation, it will defer recognition of the revenue until the performance obligation is deemed to be satisfied. Support, maintenance, and software upgrades are performance obligations over a defined period and are recognized ratably over the contractual service period. Customers typically purchase these services with the initial sale of the PURE EP System and do not have the right to terminate their contracts unless we fail to perform material obligations.

We may execute more than one contract with a single customer. If so, it is evaluated whether the agreements were negotiated as a package with a single objective, whether the amount of consideration to be paid in one agreement depends on the price and/or performance of another agreement, or whether the goods or services promised in the agreements represent a single performance obligation. The conclusions reached can impact the allocation of the transaction price to each performance obligation and the timing of revenue recognition related to those arrangements.

We estimate the transaction price based on the amount of consideration we expect to receive for transferring the promised goods or services in the contract. The consideration may include both fixed consideration and variable consideration. At the inception of each arrangement that includes variable consideration, we evaluate the amount of the potential payments and the likelihood that the payments will be received. If it is probable that a significant revenue reversal would not occur, the variable consideration is included in the transaction price.

We record accounts receivable for amounts invoiced to customers for which the Company has an unconditional right to consideration as provided under the contractual arrangement. Unbilled receivables, if any, include amounts related to our contractual right to consideration for completed performance obligations not yet invoiced. Deferred revenue includes payments received in advance of performance under the contract. Our unbilled receivables and deferred revenue are reported on an individual contract basis at the end of each reporting period. Unbilled receivables are classified as current or noncurrent based on the timing of when we expect to bill the customer. Deferred revenue is classified as current or noncurrent based on the timing of when we expect to recognize revenue.

#### ***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.

### **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**

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in such matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

There are no material proceedings in which any of our directors, officers or affiliates or any registered or beneficial shareholder of more than 5% of our common stock is an adverse party or has a material interest adverse to our interest.

### **ITEM 1A. RISK FACTORS**

The following description of risk factors includes any material changes to 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, 2021, as filed with the SEC on March 31, 2022. 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.

***The COVID-19 pandemic and related U.S. supply chain issues, including shipping and raw material disruptions, could have a continuing material impact on the global supply chain, which could adversely impact our business results and financial condition.***

We rely on a limited number of suppliers and manufacturers, particularly in the production and service of our PURE EP™ System. In the event of interruption within our supply chain due to global shortages of key supplies, materials or products, we may not be able to increase capacity from other sources or develop alternative or secondary sources without incurring substantial additional costs and/or delays.

Prolonged shortages in raw material supplies, delays and disruptions to manufacturing, production and shipping, congestion at key shipping ports and shortages in warehouse storage space due to the supply chain crisis, could significantly and adversely affect our business if one or more of our manufacturers or suppliers are impacted by any interruption at a particular location or in relation to a particular material or component. To the extent the disruptions in the U.S. supply chain continue, our business, particularly the manufacturing of the PURE EP™ System, could be adversely affected.

***Our failure to meet the continued listing requirements of Nasdaq could result in a delisting of our common stock, which could negatively impact the market price and liquidity of our common stock and our ability to access the capital markets.***

Our common stock is listed on the Nasdaq Capital Market. If we fail to satisfy the continued listing requirements of Nasdaq, such as minimum bid price requirements, Nasdaq may take steps to delist our common stock. Such a delisting would have a negative effect on the price of our common stock, impair the ability to sell or purchase our common stock when persons wish to do so, and any delisting materially adversely affect our ability to raise capital or pursue strategic restructuring, refinancing or other transactions on acceptable terms, or at all. Delisting from the Nasdaq Capital Market could also have other negative results, including the potential loss of institutional investor interest and fewer business development opportunities. In the event of a delisting, we would attempt to take actions to restore our compliance with Nasdaq’s listing requirements, but we can provide no assurance that any such action taken by us would allow our common stock to become listed again, stabilize the market price or improve the liquidity of our common stock, prevent our common stock from dropping below the Nasdaq minimum bid price requirement or prevent future non-compliance with Nasdaq’s listing requirements.



On October 20, 2022, we received a letter from the Listing Qualifications Department of Nasdaq indicating that, based upon the closing bid price of our common stock for the 30 consecutive business day period between [September 7, 2022, through October 19, 2022], we did not meet the minimum bid price of \$1.00 per share required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2). The letter also indicated that we will be provided with a compliance period of 180 calendar days, or until [April 17, 2023] (the “Compliance Period”), in which to regain compliance pursuant to Nasdaq Listing Rule 5810(c)(3) (A).]

In order to regain compliance with Nasdaq’s minimum bid price requirement, our common stock must maintain a minimum closing bid price of \$1.00 for at least ten consecutive business days during the Compliance Period. In the event we do not regain compliance by the end of the Compliance Period, we may be eligible for additional time to regain compliance. To qualify, we will be required to meet the continued listing requirement for the market value of its publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and will need to provide written notice of its intention to cure the deficiency during the second compliance period, by effecting a reverse stock split if necessary. If we meet these requirements, we may be granted an additional 180 calendar days to regain compliance. However, if it appears to Nasdaq that we will be unable to cure the deficiency, or if we are not otherwise eligible for the additional cure period, Nasdaq will provide notice that our common stock will be subject to delisting.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

<b>Exhibit No.</b>	<b>Description</b>
3.1	<a href="#">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).</a>
3.2	<a href="#">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).</a>
3.3	<a href="#">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).</a>
3.4	<a href="#">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).</a>
3.5	<a href="#">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).</a>
3.6	<a href="#">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).</a>
3.7	<a href="#">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).</a>
3.8	<a href="#">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).</a>
3.9	<a href="#">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).</a>
3.10	<a href="#">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).</a>
3.11	<a href="#">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).</a>
3.12	<a href="#">Amended and Restated Bylaws of BioSig Technologies, Inc. (incorporated by reference to the Exhibit 3.1 to the Form 8-K filed on September 27, 2019).</a>
3.13	<a href="#">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).</a>
31.01*	<a href="#">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.</a>
31.02*	<a href="#">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.</a>
32.01*	<a href="#">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.</a>
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.

**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: November 14, 2022

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

Date: November 14, 2022

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: November 14, 2022

/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: November 14, 2022

/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 September 30, 2022 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.

	By:	<u>/s/ Kenneth L. Londoner</u>
Date: November 14, 2022	Name:	Kenneth L. Londoner
	Title:	<i>Chairman &amp; Chief Executive Officer (Principal Executive Officer)</i>

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 September 30, 2022 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.

	By:	<u>/s/ Steven Chaussy</u>
Date: November 14, 2022	Name:	Steven Chaussy
	Title:	<i>Chief Financial Officer (Principal Accounting Officer)</i>