



Acutus Medical Reports Second Quarter and Year-To-Date 2024 Financial Results

Aug 8, 2024

CARLSBAD, Calif., Aug. 08, 2024 (GLOBE NEWSWIRE) -- Acutus Medical, Inc. ("Acutus" or the "Company") (OTC: AFIB) today reported results for the second quarter and year-to-date of 2024.

Recent Highlights:

- Second quarter revenue from Continuing Operations of \$4.1 million grew 172% year-over-year, from \$1.5 million in the same quarter last year.
- Operating expenses for continuing operations were \$2.2 million, a reduction of 47% compared to the same period last year.
- Recorded \$2.9 million in gain on sale of business, an increase of 38% compared to the same period last year.
- Cash, cash equivalents, marketable securities and restricted cash were \$13.3 million as of June 30, 2024.

Second Quarter 2024 Financial Results

Revenue from Continuing Operations was \$4.1 million for the second quarter of 2024, an increase of 172% compared to \$1.5 million for the second quarter of 2023.

Gross margin on a GAAP basis for continuing operations was negative 8% for the second quarter of 2024 compared to negative 67% for the same quarter last year. The improvement was driven by higher production volumes related to left-heart access manufacturing and reduced manufacturing overhead expenses.

Operating expenses for continuing operations on a GAAP basis were \$2.2 million for the second quarter of 2024 compared to \$4.2 million for the same period last year. The decrease in operating expenses from reduced discretionary spend under this new business model.

Net loss on continuing operations on a GAAP basis was \$0.4 million for the second quarter of 2024 and net loss per share was \$0.01 on a weighted average basic and diluted outstanding share count of 29.7 million, compared to a net loss of \$4.2 million and a net loss per share of \$0.15 on a weighted average basic and diluted outstanding share count of 29.0 million for the same period last year.

Cash, cash equivalents, marketable securities and restricted cash were \$13.3 million as of June 30, 2024.

Loss on Discontinued Operations

Loss on discontinued operations was \$0.6 million for second quarter of 2024, compared to \$26.1 million for the same period last year.

Outlook

Due to the announced plan to realign resources to support the left-heart access distribution business and exit from the electrophysiology mapping and ablation businesses, the Company will no longer provide financial guidance.

About Acutus

Acutus is focused on the production of left-heart access products under its distribution agreement with Medtronic, Inc. Founded in 2011, Acutus is based in Carlsbad, California.

Caution Regarding Forward-Looking Statements

This press release includes statements that may constitute "forward-looking" statements, usually containing the words "believe", "estimate", "project", "expect" or similar expressions. Forward looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, the Company's ability to continue to manage expenses and cash burn rate at sustainable levels, successful completion of the Company's restructuring plan, continued acceptance of the Company's left-heart access products in the marketplace, the effect of global economic conditions on the ability and willingness of Medtronic to purchase the Company's left-heart access products and the timing of such purchases, competitive factors, changes resulting from healthcare policy in the United States and globally including changes in government reimbursement of procedures, dependence upon third-party vendors and distributors, timing of regulatory approvals, the Company's ability to maintain its listing on Nasdaq, and other risks discussed in the Company's periodic and other filings with the Securities and Exchange Commission. By making these forward-looking statements, Acutus undertakes no obligation to update these statements for revisions or changes after the date of this release, except as required by law.

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Acutus Medical, Inc.
Consolidated Balance Sheets

June 30,
2024

December 31,
2023

(in thousands, except share and per share amounts)

(unaudited)

ASSETS

Current assets:

Cash and cash equivalents	\$	13,327	\$	19,170
Marketable securities, short-term		—		3,233
Restricted cash, short-term		—		7,030
Accounts receivable		9,235		11,353
Inventory		5,213		4,278
Prepaid expenses and other current assets		507		678
Current assets of discontinued operations (Note 3)		175		510
Total current assets		28,457		46,252

Property and equipment, net		808		825
Right-of-use assets, net		2,831		3,189
Other assets		94		94
Non-current assets of discontinued operations (Note 3)		3,284		3,600
Total assets	\$	35,474	\$	53,960

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable		1,683		2,761
Accrued liabilities		1,609		2,887
Operating lease liabilities, short-term		886		718
Long-term debt, current portion		7,055		1,864
Warrant liability		128		409
Current liabilities of discontinued operations (Note 3)		1,017		10,303
Total current liabilities		12,378		18,942

Operating lease liabilities, long-term		2,771		3,243
Long-term debt		25,130		32,654
Total liabilities		40,279		54,839

Commitments and contingencies (Note 11)

Stockholders' deficit

Preferred stock, \$0.001 par value; 5,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 6,666 shares of the preferred stock, designated as Series A Common Equivalent Preferred Stock, are issued and outstanding as of June 30, 2024 and December 31, 2023		—		—
Common stock, \$0.001 par value; 260,000,000 shares authorized as of June 30, 2024 and December 31, 2023; 29,775,630 and 29,313,667 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively		30		29
Additional paid-in capital		598,542		599,935
Accumulated deficit		(602,511)		(599,977)
Accumulated other comprehensive loss		(866)		(866)
Total stockholders' deficit		(4,805)		(879)
Total liabilities and stockholders' deficit	\$	35,474	\$	53,960

Acutus Medical, Inc.
Consolidated Statements of Operations and Comprehensive Loss

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(in thousands, except share and per share amounts)				
Revenue	\$	4,127	\$	7,752
Cost of products sold		4,470		8,125
Gross profit (loss)		(343)		(373)
Operating expenses (income):				
Research and development		—		917

Selling, general and administrative	2,225	3,280	5,562	7,752
Change in fair value of contingent consideration	—	(77)	—	123
Gain on sale of business	(2,869)	(2,072)	(5,661)	(3,279)
Total operating expenses (income)	(644)	2,048	(99)	6,451
Gain (loss) from operations	301	(3,060)	(274)	(8,332)
Other income (expense):				
Change in fair value of warrant liability	564	(604)	281	842
Interest income	207	824	488	1,676
Interest expense	(1,510)	(1,395)	(2,988)	(2,701)
Other revenue	76	—	76	—
Total other expense, net	(663)	(1,175)	(2,143)	(183)
Loss from continuing operations before income taxes	(362)	(4,235)	(2,417)	(8,515)
Net loss from continuing operations	(362)	(4,235)	(2,417)	(8,515)
Discontinued operations:				
Loss from discontinued operations before taxes	(552)	(14,111)	(107)	(26,146)
Income tax expense - discontinued operations	—	—	(10)	—
Net loss from discontinued operations	(552)	(14,111)	(117)	(26,146)
Net loss	\$ (914)	\$ (18,346)	\$ (2,534)	\$ (34,661)
Other comprehensive loss				
Unrealized loss (gain) on marketable securities	—	(8)	—	4
Foreign currency translation adjustment	—	(85)	—	(26)
Comprehensive loss	<u>\$ (914)</u>	<u>\$ (18,439)</u>	<u>\$ (2,534)</u>	<u>\$ (34,683)</u>
Net loss earnings per share, basic & diluted:				
Loss from continuing operations	<u>\$ (0.01)</u>	<u>\$ (0.15)</u>	<u>\$ (0.08)</u>	<u>\$ (0.29)</u>
Loss from discontinued operations	<u>\$ (0.02)</u>	<u>\$ (0.49)</u>	<u>\$ —</u>	<u>\$ (0.90)</u>
Net loss per common share	<u>\$ (0.03)</u>	<u>\$ (0.63)</u>	<u>\$ (0.09)</u>	<u>\$ (1.20)</u>
Weighted average shares outstanding, basic and diluted	29,721,542	29,039,732	29,727,872	28,902,808

Acutus Medical, Inc.
Consolidated Statements of Cash Flows

	<u>Six Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>(unaudited)</u>	
<i>(in thousands)</i>		
Cash flows from operating activities		
Net loss	\$ (2,534)	\$ (34,661)
Less: (Gain) loss from discontinued operations	117	26,146
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	162	231
Non-cash stock-based compensation expense	331	1,022
Accretion of discounts on marketable securities, net	(28)	(1,037)
Amortization of debt issuance costs	292	212
Amortization of operating lease right-of-use assets	358	339
Gain on sale of business, net	(5,661)	(3,279)
Change in fair value of warrant liability	(281)	(842)
Loss on disposal of property and equipment	—	515
Change in fair value of contingent consideration	—	123
Changes in operating assets and liabilities:		
Accounts receivable	(2,322)	(1,046)
Inventory	(935)	(1,474)
Employer retention credit receivable	—	4,703
Prepaid expenses and other current assets	182	126
Accounts payable	(1,078)	(210)
Accrued liabilities	(1,453)	(1,629)

Operating lease liabilities	(304)	(277)
Other long-term liabilities	—	8
Net cash used in operating activities - continuing operations	(13,154)	(11,030)
Net cash used in operating activities - discontinued operations	(10,750)	(20,067)
Net cash used in operating activities	(23,904)	(31,097)

Cash flows from investing activities

Proceeds from sale of business	10,276	17,000
Purchases of available-for-sale marketable securities	—	(33,880)
Sales of available-for-sale marketable securities	500	—
Maturities of available-for-sale marketable securities	2,750	48,250
Purchases of property and equipment	(143)	(777)
Net cash provided by investing activities - continuing operations	13,383	30,593
Net cash provided by (used in) investing activities - discontinued operations	316	(207)
Net cash provided by investing activities	13,699	30,386

Cash flows from financing activities

Repayment of debt	(2,625)	—
Proceeds from the exercise of stock options	—	4
Repurchase of common shares to pay employee withholding taxes	—	(23)
Proceeds from employee stock purchase plan	—	25
Net cash provided by financing activities - continuing operations	(2,625)	6
Net cash used in financing activities - discontinued operations	(41)	(240)
Net cash used in financing activities	(2,666)	(234)

Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2)	(346)
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Net change in cash, cash equivalents and restricted cash	(12,873)	(1,291)
Cash, cash equivalents and restricted cash, at the beginning of the period	26,200	31,348

Cash, cash equivalents and restricted cash, at the end of the period	\$ 13,327	\$ 30,057
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Supplemental disclosure of cash flow information:

Cash paid for interest	2,561	2,458
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Supplemental disclosure of noncash investing and financing activities:

Accounts receivable from sale of business	\$ (5,836)	\$ 3,381
Change in unrealized (gain) loss on marketable securities	\$ —	\$ (4)
Change in unpaid purchases of property and equipment	\$ —	\$ (54)