

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 17, 2020

Acutus Medical, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39430
(Commission
File Number)

45-1306615
(IRS Employer
Identification No.)

2210 Faraday Ave., Suite 100
Carlsbad, CA
(Address of principal executive offices)

92008
(Zip Code)

Registrant's telephone number, including area code: (442) 232-6080

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 | AFIB | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On September 17, 2020, the Company issued a press release (the “Press Release”) announcing its financial results for the quarter ended June 30, 2020. A copy of the Press Release is attached as Exhibit 99.1 to this current report on Form 8-K.

The information under Item 2.02 in this current report on Form 8-K and the related information in the exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description of Exhibit</u> |
|-----------------------|--|
| 99.1 | Press release dated September 17, 2020 |

SIGNATURE

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 hereunto duly authorized.

Date: September 17, 2020

Acutus Medical, Inc.

/s/ Gary W. Doherty

Gary W. Doherty
Chief Financial Officer

Press Release



Acutus Medical Reports Second Quarter 2020 Financial Results

Carlsbad, Calif. – September 17, 2020 – Acutus Medical, Inc. (“Acutus”) (Nasdaq: AFIB), today reported financial results for its second quarter ended June 30, 2020.

Recent Highlights:

- Reported revenue of \$1.1 million in the second quarter of 2020, a 54% increase over the same quarter last year and within the preliminary range disclosed in our initial public offering (“IPO”) prospectus.
- Increased worldwide installed base of AcQMap consoles to 38 as of June 30, 2020, up from 31 at the end of the prior quarter. Of those 38 consoles, 21 were 2nd generation machines, up from 11 at the end of the prior quarter.
- During August, completed an initial public offering of 10.1 million shares, raising \$163.3 million in net proceeds.

“In light of the challenging circumstances experienced by medical device companies generally during the first half of 2020, I’m very pleased with our second quarter results and the dedication demonstrated by our team to our mission of improving the efficiency and effectiveness of arrhythmia treatment,” said Vince Burgess, President and Chief Executive Officer. “While we did see widespread interruptions to hospital electrophysiology services in the US and Europe due to the COVID-19 pandemic, we nevertheless saw strong console placements in the second quarter. We also saw many of our EP customers begin to re-open their labs in the latter half of Q2, driving an encouraging trend toward recovery to procedure rates, so we feel well positioned as we look to continue our growth.”

Second Quarter 2020 Financial Results

Revenue was \$1.1 million for the second quarter of 2020, compared to \$1.6 million for the prior quarter and \$0.7 million for the second quarter of 2019, and within the preliminary range disclosed in our IPO prospectus. Headwinds from the global pandemic drove a procedural decline during the second quarter of 2020 relative to the first quarter of 2020. The increase in revenue when compared to the second quarter of 2019 was driven by increased disposables sales associated with the expansion of our AcQMap console installed base as we initiated our full commercial launch.

Gross margin was negative 135% for the second quarter of 2020, compared with negative 232% in the same quarter last year. The improvement was driven by greater production volumes and efficiencies in labor and manufacturing overhead absorption when compared to the same period last year. Over time and in advance of our full future requirements we have made significant investments in our manufacturing infrastructure to support our commercial launch in order to position us to scale production in-house as our business grows. As volumes increase over time, we expect to see the benefit of these investments and improvements to our margin profile.

Operating expenses were \$17.9 million for the second quarter of 2020, compared with \$12.2 million in the same quarter last year. The increase was driven primarily due to the expansion of our commercial team in conjunction with our full commercial launch, various R&D projects related to console enhancements and catheter development programs, and increased G&A costs incurred in anticipation of our becoming a public company.

We effected a 1-for-9.724 reverse split of our capital stock on July 28, 2020 in anticipation of our IPO. We have retrospectively adjusted outstanding shares to reflect the impact of the reverse stock split for all periods presented. Net loss was \$23.2 million for the second quarter of 2020 and net loss per share was \$32.24 on a weighted-average basic and diluted outstanding share count of 0.72 million, compared to \$30.3 million and a net loss per share of \$45.70 on a weighted-average basic and diluted share count of 0.66 million in the same period of the prior year. It is important to note these figures are based on pre-IPO share counts and do not reflect the conversion of 16.6 million shares of convertible preferred stock to common nor the issuance of 10.1 million common shares at the IPO. Beginning in the third quarter of 2020, these 26.7 million shares will be included in our calculation of weighted-average basic and diluted share counts, which will significantly reduce our net loss per share for future reporting periods as compared to reporting periods prior to our IPO.

Cash, cash equivalents, marketable securities and restricted cash were \$29.5 million as of June 30, 2020, which excludes the \$163.3 million net proceeds from our IPO, which closed on August 10, 2020.

Outlook and COVID-19

Due to uncertainty surrounding the COVID-19 pandemic, Acutus Medical will not provide financial guidance for the remainder of 2020 at this time. Management will continue to evaluate its guidance policies and anticipates providing an update at the time of its third quarter earnings announcement, to the extent practicable, based on available information at that time.

Webcast and Conference Call Information

Acutus Medical will host a conference call to discuss the second quarter financial results after market close on Thursday, September 17, 2020 at 1:30 p.m. Pacific Time / 4:30 p.m. Eastern Time. The conference call can be accessed live over the phone (833) 570-1131 for U.S. callers or (914) 987-7078 for international callers, using conference ID: 9767216. The live webinar can be accessed at <https://ir.acutusmedical.com>.

About Acutus Medical, Inc.

Acutus Medical is an arrhythmia management company focused on improving the way cardiac arrhythmias are diagnosed and treated. Acutus is committed to advancing the field of electrophysiology with a unique array of products and technologies which will enable more physicians to treat more patients more efficiently and effectively. Through internal product development, acquisitions, and global partnerships, Acutus has established a global sales presence delivering a broad portfolio of highly differentiated electrophysiology products. Acutus Medical's goal is to provide its customers with a complete solution for catheter-based treatment of cardiac arrhythmias in each of its geographic markets. 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 the 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, continued acceptance of the Company's products in the marketplace, the effect of global

Press Release



economic conditions on the ability and willingness of customers to purchase its systems and the timing of such purchases, competitive factors, changes resulting from healthcare policy in the United States, including changes in government reimbursement of procedures, dependence upon third-party vendors and distributors, timing of regulatory approvals, the impact of the recent coronavirus (COVID-19) pandemic and our response to it, and other risks discussed in the Company's periodic and other filings with the Securities and Exchange Commission. By making these forward-looking statements, the Company undertakes no obligation to update these statements for revisions or changes after the date of this release, except as required by law.

Investor Contact:

Caroline Corner
Westwicke ICR
D: 415-314-1725
Caroline.corner@westwicke.com

Holly Windler
M: 619-929-1275
media@acutusmedical.com

Acutus Medical, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)

| | June 30, 2020 <u>(unaudited)</u> | December 31, 2019 |
|---|--|--------------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 24,295 | \$ 9,452 |
| Marketable securities | 5,037 | 62,351 |
| Restricted cash | 150 | 150 |
| Accounts receivable | 860 | 263 |
| Inventory | 12,266 | 8,424 |
| Deferred offering costs | 2,506 | — |
| Prepaid expenses and other current assets | 1,323 | 1,816 |
| Total current assets | <u>46,437</u> | <u>82,456</u> |
| Property and equipment, net | 7,584 | 4,427 |
| Right-of-use asset, net | 2,005 | 2,341 |
| Intangible assets, net | 3,890 | 4,110 |
| Goodwill | 12,026 | 12,026 |
| Other assets | 87 | 95 |
| Total assets | <u>\$ 72,029</u> | <u>\$ 105,455</u> |
| LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable | \$ 9,084 | \$ 3,882 |
| Accrued liabilities | 7,036 | 10,076 |
| Contingent consideration, short-term | 3,500 | 8,200 |
| Operating lease liabilities, short-term | 882 | 833 |
| Common and preferred stock warrant liability | 10,791 | 8,919 |
| Total current liabilities | <u>31,293</u> | <u>31,910</u> |
| Operating lease liabilities, long-term | 1,594 | 2,054 |
| Long-term debt | 38,558 | 38,244 |
| Contingent consideration, long-term | 4,000 | 5,700 |
| Total liabilities | <u>75,445</u> | <u>77,908</u> |
| Commitments and contingencies | | |
| Convertible preferred stock | | |
| Series A convertible preferred stock | 3,059 | 3,059 |
| Series B convertible preferred stock | 40,685 | 40,685 |
| Series C convertible preferred stock | 74,575 | 74,575 |
| Series D convertible preferred stock | 142,236 | 135,039 |
| Stockholders' deficit | | |
| Common stock | 1 | 1 |
| Additional paid-in capital | 36,355 | 33,252 |
| Accumulated deficit | (300,325) | (259,034) |
| Accumulated other comprehensive loss | (2) | (30) |
| Total stockholders' deficit | <u>(263,971)</u> | <u>(225,811)</u> |
| Total liabilities, convertible preferred stock and stockholders' deficit | <u>\$ 72,029</u> | <u>\$ 105,455</u> |

Acutus Medical, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share amounts)
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|--------------------|-------------------------|--------------------|
| | June 30, | | June 30, | |
| | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
| Revenue | \$ 1,134 | \$ 734 | \$ 2,717 | \$ 1,521 |
| Costs and operating expenses: | | | | |
| Cost of products sold | 2,663 | 2,435 | 5,857 | 4,611 |
| Research and development | 8,176 | 5,247 | 16,149 | 9,624 |
| Selling, general and administrative | 9,125 | 6,927 | 19,360 | 11,020 |
| Change in fair value of contingent consideration | 635 | — | (1,584) | — |
| Total costs and operating expenses | <u>20,599</u> | <u>14,609</u> | <u>39,782</u> | <u>25,255</u> |
| Loss from operations | (19,465) | (13,875) | (37,065) | (23,734) |
| Other income (expense): | | | | |
| Change in fair value of warrant liability and embedded derivative | (2,453) | (1,446) | (1,872) | (605) |
| Loss on debt extinguishment | — | (1,398) | — | (1,398) |
| Interest income | 95 | 143 | 370 | 208 |
| Interest expense | (1,370) | (13,769) | (2,724) | (19,511) |
| Total other expense, net | <u>(3,728)</u> | <u>(16,470)</u> | <u>(4,226)</u> | <u>(21,306)</u> |
| Net loss | <u>\$ (23,193)</u> | <u>\$ (30,345)</u> | <u>\$ (41,291)</u> | <u>\$ (45,040)</u> |
| Other comprehensive income (loss) | | | | |
| Unrealized (loss) gain on marketable securities | (14) | 6 | (41) | 7 |
| Foreign currency translation adjustment | 96 | 2 | 69 | (12) |
| Comprehensive loss | <u>\$ (23,111)</u> | <u>\$ (30,337)</u> | <u>\$ (41,263)</u> | <u>\$ (45,045)</u> |
| Net loss per common share, basic and diluted | <u>\$ (32.24)</u> | <u>\$ (45.70)</u> | <u>\$ (58.16)</u> | <u>\$ (68.21)</u> |
| Weighted-average shares outstanding, basic and diluted | <u>719,421</u> | <u>663,972</u> | <u>709,961</u> | <u>660,333</u> |

Acutus Medical, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

| | Six Months Ended | |
|---|-------------------------|-------------------------|
| | June 30, | |
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Net loss | \$(41,291) | \$(45,040) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation expense | 978 | 1,142 |
| Amortization of intangible assets | 220 | — |
| Stock-based compensation expense | 2,898 | 1,362 |
| Accretion of discounts/(amortization of premiums) on marketable securities, net | 5 | (19) |
| Amortization of debt issuance costs | 314 | 17,309 |
| Amortization of right-of-use assets | 336 | 312 |
| Loss on debt extinguishment | — | 1,398 |
| Change in fair value of warrant liability and embedded derivative | 1,872 | 605 |
| Change in fair value of contingent consideration | (1,584) | — |
| Changes in operating assets and liabilities, net of effect from business combination: | | |
| Accounts receivable | (597) | (280) |
| Inventory | (3,616) | (1,961) |
| Prepaid expenses and other current assets | 666 | (43) |
| Other assets | 8 | (12) |
| Accounts payable | 5,286 | 1,682 |
| Accrued liabilities | 155 | 1,810 |
| Operating lease liabilities | (411) | (349) |
| Net cash used in operating activities | <u>(34,761)</u> | <u>(22,084)</u> |
| Cash flows from investing activities | | |
| Purchases of available-for-sale marketable securities | — | (22,208) |
| Sales of available-for-sale marketable securities | 17,095 | — |
| Maturities of available-for-sale marketable securities | 40,000 | 8,100 |
| Purchases of property and equipment | (4,445) | (316) |
| Cash paid, net of cash acquired for the Rhythm Xience Acquisition | — | (3,000) |
| Net cash provided by (used in) investing activities | <u>52,650</u> | <u>(17,424)</u> |
| Cash flows from financing activities | | |
| Proceeds from issuance of debt and warrants | — | 77,000 |
| Repayment of debt | — | (15,000) |
| Payment of issuance and extinguishment costs related to debt | — | (2,332) |
| Payment of contingent consideration | (2,619) | — |
| Proceeds from issuance of convertible preferred stock, net of issuance costs | — | 38,226 |
| Payment of deferred offering costs | (701) | — |
| Proceeds from stock options exercises | 205 | 57 |
| Net cash (used in) provided by financing activities | <u>(3,115)</u> | <u>97,951</u> |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 69 | (12) |
| Net change in cash, cash equivalents and restricted cash | 14,843 | 58,431 |
| Cash, cash equivalents and restricted cash, at the beginning of the period | 9,602 | 9,775 |
| Cash, cash equivalents and restricted cash, at the end of the period | <u>\$ 24,445</u> | <u>\$ 68,206</u> |