

**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 March 31, 2023

OR

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

For the transition period from _____ to _____

Commission File Number 001-39430



ACUTUS MEDICAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**2210 Faraday Ave.,
Suite 100, Carlsbad, CA**

(Address of principal executive offices)

45-1306615

(I.R.S. Employer
Identification No.)

92008

(Zip Code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	AFIB	The Nasdaq Stock Market LLC

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, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant 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 definition 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 checked="" 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 registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding Shares as of May 8, 2023
Common Stock, \$0.001 par value	28,975,677



Acutus Medical, Inc.
Form 10-Q
For the Quarter Ended March 31, 2023

Table of Contents

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
Item 1.	1
Financial Statements	
Condensed Consolidated Balance Sheets as of March 31, 2023 (unaudited) and December 31, 2022	1
Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2023 and 2022 (unaudited)	2
Condensed Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2023 and 2022 (unaudited)	3
Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2023 and 2022 (unaudited)	4
Notes to Condensed Consolidated Financial Statements (unaudited)	6
Item 2.	29
Management's Discussion and Analysis of Financial Condition and Results of Operations	
Item 3.	41
Quantitative and Qualitative Disclosures about Market Risk	
Item 4.	42
Controls and Procedures	
PART II. OTHER INFORMATION	
Item 1.	43
Legal Proceedings	
Item 1A.	43
Risk Factors	
Item 2.	43
Recent Sales of Unregistered Securities	
Item 6.	45
Exhibits	
Signatures	46

Item 1. Financial Statements.

Acutus Medical, Inc.
Condensed Consolidated Balance Sheets

	March 31, 2023	December 31, 2022
<i>(in thousands, except share and per share amounts)</i>	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,738	\$ 25,584
Marketable securities, short-term	46,839	44,863
Restricted cash, short-term	7,139	5,764
Accounts receivable	5,340	21,085
Inventory	14,938	13,327
Employer retention credit receivable	2,562	4,703
Prepaid expenses and other current assets	2,232	2,541
Total current assets	101,788	117,867
Property and equipment, net	8,145	9,221
Right-of-use assets, net	3,708	3,872
Intangible assets, net	1,533	1,583
Other assets	822	897
Total assets	\$ 115,996	\$ 133,440
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,569	\$ 4,721
Accrued liabilities	7,302	9,686
Contingent consideration, short-term	2,000	1,800
Operating lease liabilities, short-term	339	319
Warrant liability	1,900	3,346
Total current liabilities	17,110	19,872
Operating lease liabilities, long-term	3,883	4,103
Long-term debt	34,526	34,434
Other long-term liabilities	11	12
Total liabilities	55,530	58,421
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized as of March 31, 2023 and December 31, 2022; 6,666 shares of the preferred stock, designated as Series A Common Equivalent Preferred Stock, are issued and outstanding as of March 31, 2023 and December 31, 2022	—	—
Common stock, \$0.001 par value; 260,000,000 shares authorized as of March 31, 2023 and December 31, 2022; 28,894,080 and 28,554,656 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively	29	29
Additional paid-in capital	595,864	594,173
Accumulated deficit	(534,629)	(518,314)
Accumulated other comprehensive loss	(798)	(869)
Total stockholders' equity	60,466	75,019
Total liabilities and stockholders' equity	\$ 115,996	\$ 133,440

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

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

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
<i>(in thousands, except share and per share amounts)</i>		
Revenue	\$ 4,170	\$ 3,681
Cost of products sold	6,790	6,941
Gross profit	(2,620)	(3,260)
Operating (income) expenses:		
Research and development	6,117	8,003
Selling, general and administrative	9,565	14,385
Goodwill impairment	—	12,026
Restructuring	12	949
Change in fair value of contingent consideration	200	7
Gain on sale of business	(1,207)	—
Total operating (income) expenses	14,687	35,370
Loss from operations	(17,307)	(38,630)
Other income (expense):		
Change in fair value of warrant liability	1,446	—
Interest income	853	24
Interest expense	(1,307)	(1,411)
Total other income (expense), net	992	(1,387)
Loss before income taxes	(16,315)	(40,017)
Income tax benefit	—	—
Net loss	\$ (16,315)	\$ (40,017)
Other comprehensive income (loss)		
Unrealized gain (loss) on marketable securities	12	(57)
Foreign currency translation adjustment	59	(166)
Comprehensive loss	\$ (16,244)	\$ (40,240)
Net loss per common share, basic and diluted	\$ (0.57)	\$ (1.42)
Weighted average shares outstanding, basic and diluted	28,764,444	28,118,090

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

Acutus Medical, Inc.
Condensed Consolidated Statements of Stockholders' Equity

For the Three Months Ended March 31, 2023

(in thousands, except share amounts)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	6,666	\$ —	28,554,656	\$ 29	\$ 594,173	\$ (518,314)	\$ (869)	\$ 75,019
Unrealized gain on marketable securities	—	—	—	—	—	—	12	12
Foreign currency translation adjustment	—	—	—	—	—	—	59	59
Stock option exercises	—	—	3,218	—	4	—	—	4
Stock-based compensation	—	—	336,206	—	1,687	—	—	1,687
Net loss	—	—	—	—	—	(16,315)	—	(16,315)
Balance as of March 31, 2023 (unaudited)	6,666	\$ —	28,894,080	\$ 29	\$ 595,864	\$ (534,629)	\$ (798)	\$ 60,466

For the Three Months Ended March 31, 2022

(in thousands, except share amounts)

	Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2021	6,666	\$ —	27,957,223	\$ 28	\$ 584,613	\$ (478,698)	\$ (217)	\$ 105,726
Unrealized loss on marketable securities	—	—	—	—	—	—	(57)	(57)
Foreign currency translation adjustment	—	—	—	—	—	—	(166)	(166)
Stock option exercises	—	—	35,478	—	66	—	—	66
Stock-based compensation	—	—	192,138	—	3,028	—	—	3,028
Employee stock purchase plan shares issued	—	—	94,226	—	182	—	—	182
Net loss	—	—	—	—	—	(40,017)	—	(40,017)
Balance as of March 31, 2022 (unaudited)	6,666	\$ —	28,279,065	\$ 28	\$ 587,889	\$ (518,715)	\$ (440)	\$ 68,762

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

Acutus Medical, Inc.
Condensed Consolidated Statements of Cash Flows

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
<i>(in thousands)</i>		
Cash flows from operating activities		
Net loss	\$ (16,315)	\$ (40,017)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	1,297	1,567
Amortization of intangible assets	50	160
Non-cash stock-based compensation expense	1,904	3,032
(Accretion of discounts) amortization of premiums on marketable securities, net	(527)	173
Amortization of debt issuance costs	104	378
Amortization of operating lease right-of-use assets	164	160
Goodwill impairment	—	12,026
Gain on sale of business, net	(1,207)	—
Change in fair value of warrant liability	(1,446)	—
Loss on disposal of property and equipment	38	—
Change in fair value of contingent consideration	200	7
Changes in operating assets and liabilities:		
Accounts receivable	(11)	655
Inventory	(1,611)	(1,212)
Employer retention credit receivable	2,141	—
Prepaid expenses and other current assets	391	(3,487)
Other assets	75	120
Accounts payable	873	(2,641)
Accrued liabilities	(2,433)	1,532
Operating lease liabilities	(201)	(14)
Other long-term liabilities	(1)	(48)
Net cash used in operating activities	<u>(16,515)</u>	<u>(27,609)</u>
Cash flows from investing activities		
Proceeds from sale of business	17,000	—
Purchases of available-for-sale marketable securities	(28,019)	—
Sales of available-for-sale marketable securities	—	2,500
Maturities of available-for-sale marketable securities	26,500	14,587
Purchases of property and equipment	(232)	(1,088)
Net cash provided by investing activities	<u>15,249</u>	<u>15,999</u>
Cash flows from financing activities		
Proceeds from the exercise of stock options	4	66
Repurchase of common shares to pay employee withholding taxes	(217)	—
Proceeds from employee stock purchase plan	—	182
Payment of contingent consideration	—	(290)
Net cash used in financing activities	<u>(213)</u>	<u>(42)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8	(100)
Net change in cash, cash equivalents and restricted cash	(1,471)	(11,752)
Cash, cash equivalents and restricted cash, at the beginning of the period	31,348	24,221
Cash, cash equivalents and restricted cash, at the end of the period	<u>\$ 29,877</u>	<u>\$ 12,469</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,207	\$ 1,025
Supplemental disclosure of noncash investing and financing activities:		
Accounts receivable from sale of business	\$ 1,244	\$ —
Change in unrealized (gain) loss on marketable securities	\$ (12)	\$ 57
Change in unpaid purchases of property and equipment	\$ (25)	\$ (97)
Contingent consideration escrow release	\$ —	\$ 17

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

Acutus Medical, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1—Organization and Description of Business

Acutus Medical, Inc. (the “Company”) is an arrhythmia management company focused on improving the way cardiac arrhythmias are diagnosed and treated. The Company designs, manufactures and markets a range of tools for catheter-based ablation procedures to treat various arrhythmias. The Company’s product portfolio includes novel access sheaths, diagnostic and mapping catheters, ablation catheters, mapping and imaging consoles and accessories, as well as supporting algorithms and software programs. The Company was incorporated in the state of Delaware on March 25, 2011, and is located in Carlsbad, California.

Liquidity, Capital Resources and Going Concern

The Company has limited revenue, has incurred significant operating losses and negative cash flows from operations since its inception, and anticipates that it will incur significant losses for at least the next several years. As of March 31, 2023 and December 31, 2022, the Company had cash, cash equivalents, restricted cash and marketable securities of \$76.7 million and \$76.2 million, respectively. For the three months ended March 31, 2023 and 2022, net losses were \$16.3 million and \$40.0 million, respectively, and net cash used in operating activities was \$16.5 million and \$27.6 million, respectively. As of March 31, 2023 and December 31, 2022, the Company had an accumulated deficit of \$534.6 million and \$518.3 million, respectively, and working capital of \$84.7 million and \$98.0 million, respectively.

Since raising \$166.3 million from its IPO in August 2020, the Company has issued additional shares of common stock. From time to time, the Company’s Board of Directors issues common stock for its stock-based compensation plans and for its ESPP. Additionally, in July 2021, the Company issued 6,325,000 shares of common stock in a public offering, which included 825,000 shares of common stock issued upon the underwriter’s exercise in full of an option to purchase additional shares of common stock. The price to the public for each share was \$14.00. The Company received gross proceeds of \$88.6 million from the offering. Net of underwriting discounts and commission and other offering expenses, the Company received proceeds of \$82.7 million.

On June 30, 2022, Medtronic, Inc. (“Medtronic”) paid the Company \$50.0 million at the first closing (the “First Closing”) of the sale of the Company’s left-heart access portfolio to Medtronic, of which \$4.0 million was paid into an indemnity escrow account for a period of 18 months following the First Closing to secure the Company’s indemnification obligations under the asset purchase agreement (“Asset Purchase Agreement”) entered into with Medtronic on April 26, 2022. The OEM Earnout (as defined in *Note 3 - Sale of Business*, below) under the Asset Purchase Agreement with Medtronic was achieved on October 31, 2022, with \$20.0 million paid by Medtronic to the Company in November 2022. Additionally, the Transfer Earnout (as defined in *Note 3 - Sale of Business*, below) under the Asset Purchase Agreement with Medtronic was achieved on December 21, 2022, with \$17.0 million paid by Medtronic to the Company in January 2023. Beginning in February 2023, following Medtronic’s first commercial sale of the left-heart access products after the Company’s achievement of the OEM Earnout (as defined in *Note 3 - Sale of Business*, below), the Company became eligible to earn amounts equal to 100%, 75%, 50% and 50%, respectively, of quarterly Net Sales (as defined in the Asset Purchase Agreement) from sales of the left-heart access products achieved by Medtronic each year over four years. During the three months ended March 31, 2023, the Company earned \$1.2 million in contingent consideration based on Medtronic’s left-heart access products sales.

Management believes the Company’s current cash, cash equivalents and marketable securities are sufficient to fund operations for at least the next 12 months from the date of this filing. To ensure that the Company has sufficient resources to fund operations, management continues to review cost improvement opportunities and pathways to reduce expenses and cash burn, while preserving the resources to invest in future growth.

In the future, the Company may need to raise additional funds through one or more of the following: the issuance of debt and/or equity securities or otherwise. Until such time, if ever, that the Company can generate revenue sufficient to achieve profitability, the Company expects to finance its operations through equity or debt financings, which may not be available to the Company on the timing needed or on terms that the Company deems to be favorable. To the extent that the Company raises additional capital through the sale of equity or convertible debt securities, the ownership interest of its stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting the Company’s ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. If the Company is unable to maintain sufficient financial resources, its business, financial condition, and results of operations will be materially and adversely affected. The Company may be required to delay, limit, reduce or terminate its product discovery and development activities or future commercialization efforts.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by U.S. GAAP for complete financial statements. In the opinion of management, the condensed consolidated financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. Certain information and note disclosures normally included in the Company’s annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These condensed consolidated financial statement results are not necessarily indicative of results to be expected for the full fiscal year or any future period.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Acutus Medical, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosures of contingent assets and liabilities. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of revenue and expenses that are not readily apparent from other sources. Actual results could differ from those estimates.

Segments

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 in making decisions regarding resource allocation and assessing performance. The Company views its operations and manages its business as one operating segment and reportable segment.

Cash and Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. All of the Company’s cash equivalents have liquid markets and high credit ratings. The Company maintains its cash in bank deposits and other accounts, the balances of which, at times and as of March 31, 2023 and December 31, 2022, exceeded federally insured limits.

Restricted cash consists of (i) deposited cash collateral for the Company’s corporate credit card program and (ii) cash received for the sale of business to Medtronic held in an indemnity escrow account until certain terms of sale are met.

The following table reconciles cash, cash equivalents and restricted cash in the condensed consolidated balance sheets to the total balances as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	December 31, 2022
	(unaudited)	
Cash and cash equivalents	\$ 22,738	\$ 25,584
Restricted cash	7,139	5,764
Total cash, cash equivalents and restricted cash	\$ 29,877	\$ 31,348

Marketable Securities

The Company’s marketable securities portfolio consists of investments in money market funds, commercial paper, U.S. treasury securities and Yankee debt securities.

The Company considers its debt securities to be available-for-sale securities. Available-for-sale securities are classified as cash equivalents or short-term or long-term marketable securities based on the maturity date at time of purchase and their availability

to meet current operating requirements. Marketable securities that mature in three months or less from the date of purchase are classified as cash equivalents. Marketable securities, excluding cash equivalents, that mature in one year or less are classified as short-term available-for-sale securities and are reported as a component of current assets.

Securities that are classified as available-for-sale are measured at fair value with temporary unrealized gains and losses reported in other comprehensive loss, and as a component of stockholders' equity until their disposition or maturity. See "Fair Value Measurements" below. The Company reviews all available-for-sale securities at each period end to determine if they remain available-for-sale based on the Company's current intent and ability to sell the security if it is required to do so. Realized gains and losses from the sale of marketable securities, if any, are calculated using the specific-identification method.

Marketable securities are subject to a periodic impairment review. The Company may recognize an impairment charge when a decline in the fair value of investments below the cost basis is determined to be other-than-temporary. In determining whether a decline in market value is other-than-temporary, various factors are considered, including the cause, duration of time and severity of the impairment, any adverse changes in the investees' financial condition and the Company's intent and ability to hold the security for a period of time sufficient to allow for an anticipated recovery in market value. Declines in value judged to be other-than-temporary are included in the Company's condensed consolidated statements of operations and comprehensive loss. The Company did not record any other-than-temporary impairments related to marketable securities in the Company's condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2023 and 2022.

Concentrations of Credit Risk and Off-Balance Sheet Risk

Financial instruments that potentially subject the Company to credit risk consist principally of cash, cash equivalents, restricted cash, accounts receivable and marketable securities. Cash and restricted cash are maintained in accounts with financial institutions which, at times, may exceed the federal depository insurance coverage of \$0.25 million. The Company has not experienced losses on these accounts, and management believes, based upon the quality of the financial institutions, that the credit risk with regard to these deposits is not significant.

Revenue from Contracts with Customers

The Company accounts for revenue earned from contracts with customers under Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), and ASC 842, *Leases* ("ASC 842"). The core principle of ASC 606 is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

- Step 1: Identify the contract with the customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when, or as, the company satisfies a performance obligation.

ASC 842 provides guidance on determining whether an agreement contains a lease. ASC 842 defines a lease as a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration.

For new customers, the Company places its medical diagnostic equipment, the AcQMap System, at customer sites under evaluation agreements and generates revenue from the sale of disposable products used with the AcQMap System. Disposable products primarily include AcQMap catheters and AcQGuide steerable sheaths. Outside of the United States, the Company also has the Qubic Force Device which generates revenue from the sale of the AcQBlate Force Ablation Catheters. The Company provides the disposable products in exchange for consideration, which occurs when a customer submits a purchase order and the Company provides disposables at the agreed upon prices in the invoice. Generally, customers purchase disposable products using separate purchase orders after the equipment has been provided to the customer for free with no binding agreement or requirement to purchase any disposable products. The Company has elected the practical expedient and accounting policy election to account for the shipping and handling as activities to fulfill the promise to transfer the disposable products and not as a separate performance obligation.

Additionally, the Company sells the AcQMap System to customers along with software updates on a when-and-if-available basis, as well as the Qubic Force Device and a transseptal crossing line of products which can be used in a variety of heart procedures and does not need to be accompanied with an AcQMap System or Qubic Force Device. Included in the transseptal

crossing line of products are primarily the AcQRef Introducer Sheath, the AcQGuide Sheaths and the AcQCross Transseptal Dilator/Needle.

The Company also enters into deferred equipment agreements that are generally structured such that the Company agrees to provide an AcQMap System at no up-front charge, with title of the device transferring to the customer at the end of the contract term, in exchange for the customer's commitment to purchase disposables at a specified price over the term of the agreement, which generally ranges from two to four years. The Company has determined that such deferred equipment agreements include an embedded sales-type lease. The Company allocates contract consideration under deferred equipment agreements containing fixed annual disposable purchase commitments to the underlying lease and non-lease components at contract inception. The Company expenses the cost of the device at the inception of the agreement and records a financial lease asset equal to the gross consideration allocated to the lease. The lease asset is reduced by payments for minimum disposable purchases that are allocated to the lease.

Lastly, the Company enters into short-term operating leases for the rental of the AcQMap System after an evaluation. These lease agreements impose no requirement on the customer to purchase the equipment, and the equipment is not transferred to the customer at the end of the lease term. The short-term nature of the lease agreements does not result in lease payments accumulating to an amount that equals the value of the equipment nor is the lease term reflective of the economic life of the equipment.

The Company's contracts primarily include fixed consideration. Generally, there are no discounts, rebates, returns or other forms of variable consideration. Customers are generally required to pay within 30 to 60 days.

The delivery of disposable products are performance obligations satisfied at a point in time. The disposable products are shipped Free on Board ("FOB") shipping point or FOB destination. For disposable products that are shipped FOB shipping point, the customer has the significant risks and rewards of ownership and legal title to the assets when the disposable products leave the Company's shipping facilities, and thus the customer obtains control and revenue is recognized at that point in time. Revenue is recognized on delivery for disposable products shipped via FOB destination.

For direct customers, the installation and delivery of the AcQMap System is satisfied at a point in time when the installation is complete, which is when the customer can benefit and has control of the system. For AcQMap System sales sold to Biotronik SE & Co. KG ("Biotronik"), the installation is not a performance obligation as it is performed by Biotronik, and therefore the AcQMap System is satisfied at a point in time when they have control of the system. The Company's software updates and equipment service performance obligations are satisfied evenly over time as the customer simultaneously receives and consumes the benefits of the Company's performance for these services throughout the service period.

The Company allocates the transaction price to each performance obligation identified in the contract based on the relative standalone selling price ("SSP"). The Company determines SSP for the purposes of allocating the transaction price to each performance obligation based on the adjusted market assessment approach that maximizes the use of observable inputs, which include, but are not limited to, sales transactions where the specific performance obligations are sold separately, Company list prices and specific offers to customers.

Except for the deferred equipment agreements noted above, the Company's contracts with customers generally have an expected duration of one year or less, and therefore the Company has elected the practical expedient in ASC 606 to not disclose information about its remaining performance obligations. Any incremental costs to obtain contracts are recorded as selling, general and administrative ("SG&A") expense as incurred due to the short duration of the Company's contracts. The Company's contract balances consisted solely of accounts receivable as of March 31, 2023 and December 31, 2022.

In May 2020, the Company entered into bi-lateral distribution agreements (the "Bi-Lateral Distribution Agreements") with Biotronik. Pursuant to the Bi-Lateral Distribution Agreements, the Company obtained a non-exclusive license to distribute a range of Biotronik's products and accessories in the United States, Canada, China, Hong Kong and multiple Western European countries under the Company's private label. Moreover, if an investigational device exemption ("IDE") clinical trial is required for these products to obtain regulatory approval in the United States, or a clinical trial is required for these products to obtain regulatory approval in China, the Company will obtain an exclusive distribution right in such territories for a term of up to five years commencing on the date of regulatory approval if the Company covers the cost of the IDE or other clinical trial and the Company conducts such study within a specified period. Biotronik also agreed to distribute the Company's products and accessories in Germany, Japan, Mexico, Switzerland and multiple countries in Asia-Pacific, Eastern Europe, the Middle East and South America. The Company also granted Biotronik a co-exclusive right to distribute these products in Hong Kong. Each party will pay to the other party a specified transfer price on the sale of the other party's products and, accordingly, will earn a distribution margin on the sale of the other party's products.

In 2022, the Company sold the left-heart access transseptal crossing business to Medtronic. In connection with the sale, the Company entered into a distribution agreement (the "Distribution Agreement") with Medtronic, pursuant to which the Company acts as the original equipment manufacturer ("OEM") supplier of these products. The Company will produce and sell the products to Medtronic for a period of up to four years. Revenue is recognized when the title to the products are transferred to Medtronic, which occurs when the products are shipped from our facility (or FOB shipping point).

The following table sets forth the Company's revenue for disposables, systems and service/other for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
(unaudited)		
Disposables	\$ 3,426	\$ 3,211
Systems	—	—
Service/Other	744	470
Total revenue	<u>\$ 4,170</u>	<u>\$ 3,681</u>

The following table provides revenue by geographic location for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
(unaudited)		
United States	\$ 2,248	\$ 2,023
Outside the United States	1,922	1,658
Total revenue	<u>\$ 4,170</u>	<u>\$ 3,681</u>

Inventory

Inventory is stated at the lower of cost (first-in, first-out basis) or net realizable value. The Company recorded write-downs for excess and obsolete inventory of \$0.3 million and \$1.0 million for the three months ended March 31, 2023 and 2022, respectively, based on management's review of inventories on hand, comparisons to estimated future usage and sales, observed shelf-life and assumptions about the likelihood of obsolescence.

Accounts Receivable

Trade accounts receivable are recorded net of allowances for uncollectible accounts. The Company evaluates the collectability of its accounts receivable based on various factors including historical experience, the length of time the receivables are past due and the financial health of the customer. The Company reserves specific receivables if collectability is no longer reasonably assured. Based upon the assessment of these factors, the Company did not record an allowance for uncollectible accounts as of March 31, 2023 or December 31, 2022.

Pursuant to the Asset Purchase Agreement with Medtronic, the Company was eligible to receive the Transfer Earnout, a contingent cash consideration of \$17.0 million upon the Company's initial submission for CE Mark certification. The Company met this condition as of December 31, 2022 and recorded a receivable on the consolidated balance sheets for the year then ended. Medtronic provided full payment in January 2023. See *Note 3 - Sale of Business*.

In addition, beginning in February 2023, following Medtronic's first commercial sale of the left-heart access products after the Company's achievement of the OEM Earnout (as defined in *Note 3 - Sale of Business*, below), the Company became eligible to earn amounts equal to 100%, 75%, 50% and 50%, respectively, of quarterly Net Sales (as defined in the Asset Purchase Agreement) from sales of the left-heart access products achieved by Medtronic each year over four years. During the three months ended March 31, 2023, the Company earned \$1.2 million in contingent consideration based on Medtronic's left-heart access products sales and recorded a receivable on the condensed consolidated balance sheets for the period then ended.

Accounts receivable recorded on the condensed consolidated balance sheets as of March 31, 2023 and December 31, 2022 consists of the following (in thousands):

	March 31, 2023	December 31, 2022
	(unaudited)	
Trade accounts receivable	\$ 4,096	\$ 4,085
Earnouts receivable from Medtronic	1,244	17,000
Total accounts receivable	\$ 5,340	\$ 21,085

Employee Retention Credit Receivable

The Employee Retention Credit is a refundable U.S. tax credit separate from tax based on income for businesses that continued to pay employees while shut down due to the COVID-19 pandemic or had significant declines in gross receipts from March 13, 2020 to December 31, 2021. The Company is an eligible employer qualifying under the program and applied for the tax credit in 2022. As of March 31, 2023, \$4.2 million has been refunded to the Company, of which \$2.1 million was received during the three months ended March 31, 2023. The Company expects receipt of the remaining \$2.6 million receivable in 2023.

Property and Equipment, Net

Property and equipment are recorded at cost. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, generally three to five years, or, in the case of leasehold improvements, over the lesser of the useful life of the related asset or the lease term.

Intangible Assets

The Company's intangible assets consists of a license agreement with Biotronik. The Company determines the appropriate useful life of its finite-lived intangible assets by performing an analysis of expected cash flows of the acquired assets. Finite-lived intangible assets are amortized over their estimated useful lives using the straight-line method, which approximates the pattern in which the economic benefits are consumed. Acquired in-process technology is classified as a finite-lived intangible and amortized accordingly. Indefinite-lived intangible assets are tested for impairment at least annually and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indefinite-lived intangible assets are impaired if their estimated fair values are less than their carrying value.

Goodwill

Goodwill represents the excess of the purchase price of an entity over the estimated fair value of the assets acquired and liabilities assumed, and it is presented as goodwill in the accompanying condensed consolidated balance sheets. Under ASC 350, *Intangibles – Goodwill and Other* ("ASC 350"), goodwill is not amortized but is subject to periodic impairment testing. ASC 350 requires that an entity assign its goodwill to reporting units and test each reporting unit's goodwill for impairment at least on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. In the evaluation of goodwill for impairment, which is performed annually during the fourth quarter, the Company first assesses qualitative factors to determine whether the existence of events or circumstances led to a determination that it was more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company is required to perform the quantitative goodwill impairment test. The Company has one reporting unit. During the three months ended March 31, 2022, the Company fully impaired its goodwill balance of \$12.0 million.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment and finite-lived intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. An impairment loss is recognized when the asset's carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. For the three months ended March 31, 2023 and 2022, the Company determined that there was no impairment of property and equipment or intangible assets.

Foreign Currency Translation and Transactions

The assets, liabilities and results of operations of Acutus Medical N.V. and Acutus Medical UK Limited are measured using their functional currency, the Euro and British Pound Sterling, respectively, which is the currency of the primary foreign economic environment in which the subsidiaries operate. Upon consolidating these entities with the Company, their assets and liabilities are translated to U.S. dollars at currency exchange rates as of the balance sheet date and their revenues and expenses are translated at the weighted average currency exchange rates during the applicable reporting periods. Translation adjustments resulting from the process of translating the entities' financial statements are reported in accumulated other comprehensive loss in the condensed consolidated balance sheets and foreign currency translation adjustment in the condensed consolidated statements of operations and comprehensive loss.

Lease Property

The Company leases office space in Carlsbad, California as its corporate headquarters and for manufacturing operations. Additionally, it leases office space in Zaventem, Belgium for international operations. The Company accounts for its lease property under ASC 842. Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases, and are recorded on the consolidated balance sheet as both a right-of-use asset and a lease liability, calculated by discounting fixed lease payments over the lease term at the rate implicit in the lease or the Company's incremental borrowing rate, which is the rate for collateralized borrowings based on the current economic environment, credit history, credit rating, value of leases, currency in which the lease obligation is satisfied, rate sensitivity, lease term and materiality. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset results in straight-line rent expense over the lease term. Variable lease expenses are recorded when incurred.

In calculating the right-of-use asset and lease liability, the Company elected to combine lease and non-lease components. The Company adopted the policy election to exclude short-term leases having initial terms of twelve months from the initial recognition provisions of ASC 842. See *Note 12 - Operating leases* for additional details.

Cost of Products Sold

Cost of products sold includes raw materials, direct labor, manufacturing overhead, shipping and receiving costs and other less significant indirect costs related to the production of the Company's products.

Research and Development

The Company is actively engaged in new product research and development efforts. Research and development expenses consist primarily of salaries and employee-related costs (including stock-based compensation) for personnel directly engaged in research and development activities, clinical trial expenses, equipment costs, material costs, allocated rent and facilities costs and depreciation.

Research and development expenses relating to possible future products are expensed as incurred. The Company also accrues and expenses costs for activities associated with clinical trials performed by third parties as incurred. All other costs relative to setting up clinical trial sites are expensed as incurred. Clinical trial site costs related to patient enrollment are accrued as patients are entered into the trials.

Selling, General and Administrative

SG&A expenses consist primarily of salaries and employee-related costs (including stock-based compensation) for personnel in sales, executive, finance and other administrative functions, allocated rent and facilities costs, legal fees relating to intellectual property and corporate matters, professional fees for accounting and consulting services, marketing costs and insurance costs. The Company expenses all SG&A costs as incurred.

Fair Value Measurements

Financial Instruments

Fair value measurements are based on the premise that fair value is an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the following three-tier fair value hierarchy is used in determining the inputs for measuring fair value:

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

Level 2—Observable inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity and consist of financial instruments valued using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Financial instruments measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. The use of different assumptions and/or estimation methodologies may have a material effect on estimated fair values. Accordingly, the fair value estimates disclosed or initial amounts recorded may not be indicative of the amount that the Company or holders of the instruments could realize in a current market exchange. There were no transfers made among the three levels in the fair value hierarchy for the three months ended March 31, 2023 and 2022.

As of March 31, 2023 and December 31, 2022, the Company’s cash (excluding cash equivalents which are recorded at fair value on a recurring basis), restricted cash, accounts receivable, accounts payable and accrued expenses were carried at cost, which approximates the fair values due to the short-term nature of each instrument. The carrying amount of the Company’s long-term debt approximates fair value due to its variable market interest rate and management’s opinion that current rates and terms that would be available to the Company with the same maturity and security structure would be essentially equivalent to that of the Company’s long-term debt.

The following tables classify the Company’s financial assets and liabilities measured at fair value on a recurring basis into the fair value hierarchy as of March 31, 2023 and December 31, 2022 (in thousands):

	Fair Value Measurements as of March 31, 2023				Total
	(unaudited)				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Assets included in:					
Cash and cash equivalents					
Money market securities	\$ 20,211	\$ —	\$ —	\$	20,211
Marketable securities at fair value					
U.S. treasury securities	—	21,814	—		21,814
Commercial paper	—	21,806	—		21,806
Yankee debt securities	—	3,219	—		3,219
Total fair value	\$ 20,211	\$ 46,839	\$ —	\$	67,050
Liabilities included in:					
Warrant liability					
Warrant liability	\$ —	\$ —	\$ 1,900	\$	1,900
Contingent consideration					
Contingent consideration	—	—	2,000		2,000
Total fair value	\$ —	\$ —	\$ 3,900	\$	3,900

Fair Value Measurements as of December 31, 2022					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
Assets included in:					
Cash and cash equivalents					
Money market securities	\$ 22,700	\$ —	\$ —	\$ 22,700	
Marketable securities at fair value					
U.S. treasury securities	—	26,897	—	26,897	
Commercial paper	—	14,764	—	14,764	
Yankee debt securities	—	3,202	—	3,202	
Total fair value	\$ 22,700	\$ 44,863	\$ —	\$ 67,563	
Liabilities included in:					
Warrant liability	\$ —	\$ —	\$ 3,346	\$ 3,346	
Contingent consideration	—	—	1,800	1,800	
Total fair value	\$ —	\$ —	\$ 5,146	\$ 5,146	

The fair value of the Company's money market securities is determined using quoted market prices in active markets for identical assets.

The fair value for the available-for-sale marketable securities is determined based on valuation models using inputs that are observable either directly or indirectly (Level 2 inputs) such as quoted prices for similar assets, yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments, broker and dealer quotes, as well as other relevant economic measures.

Financial Obligations

The following table presents changes in Level 3 liabilities measured at fair value for the three months ended March 31, 2023 (in thousands):

	Contingent Consideration	Warrant Liability
Balance, December 31, 2022	\$ 1,800	\$ 3,346
Change in fair value	200	(1,446)
Balance, March 31, 2023 (unaudited)	\$ 2,000	\$ 1,900

Unrealized gains and losses associated with liabilities within the Level 3 category include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Contingent Consideration

The fair value of the contingent consideration from the acquisition of Rhythm Xience, Inc. ("Rhythm Xience") in June 2019 represents the estimated fair value of future payments due to the sellers of Rhythm Xience based on the achievement of certain milestones and revenue-based targets in certain years. The initial fair value of the revenue-based contingent consideration was calculated through the use of a Monte Carlo simulation using revenue projections for the respective earn-out period, corresponding targets and approximate timing of payments as outlined in the purchase agreement. The analyses used the following assumptions: (i) expected term; (ii) risk-adjusted net sales; (iii) risk-free interest rate; and (iv) expected volatility of net sales (see table below). Estimated payments, as determined through the respective model, were further discounted by a credit spread assumption to account for credit risk. The fair value of the milestones-based contingent consideration was determined by probability weighting and discounting to the respective valuation date at the Company's cost of debt. The Company's cost of debt was determined by performing a synthetic credit rating for the Company and selecting yields based on

companies with a similar credit rating. The contingent consideration is revalued to fair value each period on the condensed consolidated balance sheets, and any increase or decrease is recorded on the condensed consolidated statements of operations and comprehensive loss. The fair value of the contingent consideration may be impacted by certain unobservable inputs, most significantly with regard to discount rates, expected volatility and historical and projected performance. Significant changes to these inputs in isolation could result in a significantly different fair value measurement.

The weighted average (in aggregate) significant unobservable inputs (Level 3 inputs) used in measuring the contingent consideration from the acquisition of Rhythm Xience as of March 31, 2023 and December 31, 2022 were as follows:

	March 31, 2023 (unaudited)	December 31, 2022
Risk-free interest rate	5.00%	4.80%
Expected term in years	1.0 - 2.0	1.0 - 2.0
Expected volatility	23.4%	28.0%

Warrants

As of March 31, 2023, the fair value of the common stock warrants was estimated using the Black-Scholes option pricing model. The fair value was estimated to be \$0.5026 per warrant as of March 31, 2023 and the significant inputs used in the estimation of the fair value were as follows:

	March 31, 2023 (unaudited)
Risk-free interest rate	3.55%
Expected term in years	7.25
Expected volatility	75.0%

Stock-Based Compensation

The Company accounts for all stock-based payments to employees and non-employees, including grants of stock options, restricted stock units ("RSUs"), and restricted stock awards ("RSAs"), to be recognized in the consolidated financial statements based on their respective grant date fair values. The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model. The RSUs and RSAs, are valued based on the fair value of the Company's common stock on the date of grant. The Company expenses stock-based compensation related to stock options, RSUs and RSAs over the requisite service period. All stock-based compensation costs are recorded in cost of products sold, research and development expense or SG&A expense in the condensed consolidated statements of operations and comprehensive loss based upon the respective employee's or non-employee's roles within the Company. Forfeitures are recorded as they occur. See *Note 15—Stock-Based Compensation* for additional details.

Income Taxes

Income taxes are recorded in accordance with ASC 740, *Income Taxes* ("ASC 740"), which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse, and net operating loss ("NOL") carryforwards and research and development tax credit carryforwards. Valuation allowances are provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Warrant Liability

The Company accounts for certain common stock warrants outstanding as a liability at fair value, determined using the Black-Scholes option pricing model, on the consolidated balance sheets in accordance with ASC 815, *Derivatives and Hedging* (“ASC 815”). The liability is subject to re-measurement at each reporting period and any change in fair value is recognized in the condensed consolidated statements of operations and comprehensive loss. See *Note 13—Warrants* for additional details.

Business Combinations

The Company accounts for business acquisitions using the acquisition method of accounting based on ASC 805, *Business Combinations* (“ASC 805”), which requires recognition and measurement of all identifiable assets acquired and liabilities assumed at their fair value as of the date control is obtained. The Company determines the fair value of assets acquired and liabilities assumed based upon its best estimates of the acquisition-date fair value of assets acquired and liabilities assumed in the acquisition. Goodwill is calculated as the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired.

Recently Adopted Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* (“ASU 2016-13”). ASU 2016-13 sets forth a “current expected credit loss” model which requires the Company to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions and reasonable supportable forecasts. This replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, available-for-sale debt securities and applies to certain off-balance sheet credit exposures. ASU 2016-13 is effective for smaller reporting companies in 2023. The Company adopted the guidance in the first quarter of 2023 with no material impact on the condensed consolidated financial statements.

Note 3—Sale of Business

On June 30, 2022, the Company completed the First Closing in accordance with the Asset Purchase Agreement with Medtronic, pursuant to which the Company agreed to sell to Medtronic certain transseptal access and sheath assets which make up the Company's left-heart access portfolio (and which comprised the Rhythm Xience product line acquired as part of the Rhythm Xience acquisition). The assets transferred to Medtronic upon the First Closing (the “Assets”) include patents, trademarks, patent and trademark applications, know-how, copyrights, prototypes and other intellectual property owned or licensed by the Company, business records and documents (including regulatory and clinical materials) and manufacturing equipment related to the AcQCross® line of sheath-compatible septal crossing devices, AcQGuide® MINI integrated crossing device and sheath, AcQGuide® FLEX Steerable Introducer with integrated transseptal dilator and needle, and AcQGuide® VUE steerable sheaths (the “Products”).

Pursuant to the Asset Purchase Agreement, Medtronic paid \$50.0 million at the First Closing, of which \$4.0 million was paid into an indemnity escrow account for a period of 18 months following the First Closing to secure indemnification obligations of the Company under the Asset Purchase Agreement, which the Company has recorded as restricted cash on its condensed consolidated balance sheets.

The Company is also eligible to receive the following contingent cash consideration pursuant to the Asset Purchase Agreement:

- (i) \$20.0 million upon the Company's completion, to the reasonable satisfaction of Medtronic, of certain conditions set forth in the Asset Purchase Agreement relating to the Company becoming a qualified supplier of Medtronic for the Products, including demonstration of ISO 14971:2019 compliance, completion of certain test method validations and compliance with certain other reporting requirements (the “OEM Earnout”);
- (ii) \$17.0 million upon the earlier of (A) the Second Closing (as defined below) or (B) the Company's initial submission for CE Mark certification of the Products under the European Union Medical Devices Regulation, to the reasonable satisfaction of a third-party regulatory consultant, subject to certain other conditions as set forth in the Asset Purchase Agreement (the “Transfer Earnout”); and
- (iii) amounts equal to 100%, 75%, 50% and 50%, respectively, of quarterly Net Sales (as defined in the Asset Purchase Agreement) from sales of the Products achieved by Medtronic over each year of a four-year period beginning on the first full quarter after Medtronic's first commercial sale of a Product and achievement of the OEM Earnout.

The \$20.0 million OEM Earnout was achieved in October 2022 and payment was received in November 2022, of which \$1.6 million is held in escrow and recorded as restricted cash on the condensed consolidated balance sheets. The \$17.0 million Transfer Earnout was achieved in December 2022 and payment was received in January 2023, of which \$1.4 million is held in escrow and recorded as restricted cash on the condensed consolidated balance sheets. During the three months ended March 31, 2023, \$1.2 million was earned under item (iii) and recorded as a receivable on the condensed consolidated balance sheet as of March 31, 2023.

With the achievement of the OEM Earnout Conditions (as defined in the Asset Purchase Agreement) and upon notice from Medtronic, Medtronic became the Company's exclusive distributor of the Products under the Distribution Agreement.

The Company recorded a net gain of \$79.5 million during the year ended December 31, 2022 related to the sale of business to Medtronic, calculated as the difference between the non-contingent consideration received, less direct transaction costs and the net carrying amount of the assets sold.

The Company recorded the following amounts for the three months ended March 31, 2023, resulting in a net gain of \$1.2 million related to the sale of business to Medtronic, calculated as the difference between the non-contingent consideration earned, less direct transaction costs (in thousands):

	Three Months Ended March 31, 2023
	(unaudited)
Percentage of Product Net Sales Earnout accrued as of March 31, 2023	\$ 1,244
Transaction costs	(37)
Gain on sale of business, net	<u>\$ 1,207</u>

The net gain on sale will be adjusted in future periods by the contingent consideration, based on the achievement of the predetermined milestones mentioned above. The sale was accounted for as a derecognition of a group of assets that is a business pursuant to ASC 810 - *Consolidation*, with the resulting gain classified as operating income within loss from operations on the condensed consolidated statements of operations and comprehensive loss. The sale does not represent a strategic shift having a major effect on the Company's operations and financial results and, consequently, does not qualify as a discontinued operation.

Note 4—Marketable Securities

Marketable securities consisted of the following as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023 (unaudited)			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities - short-term:				
U.S. treasury securities	\$ 21,809	\$ 5	\$ —	\$ 21,814
Commercial paper	21,806	—	—	21,806
Yankee debt securities	3,220	—	(1)	3,219
Total available-for-sale securities - short-term	<u>46,835</u>	<u>5</u>	<u>(1)</u>	<u>46,839</u>
Total available-for-sale securities	<u>\$ 46,835</u>	<u>\$ 5</u>	<u>\$ (1)</u>	<u>\$ 46,839</u>

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities - short-term:				
U.S. treasury securities	\$ 26,906	\$ 3	\$ (12)	\$ 26,897
Commercial paper	3,200	2	—	3,202
Yankee debt securities	14,764	—	—	14,764
Total available-for-sale securities - short-term	44,870	5	(12)	44,863
Total available-for-sale securities	\$ 44,870	\$ 5	\$ (12)	\$ 44,863

As of March 31, 2023, the Company's available-for-sale securities classified as short-term of \$46.8 million mature in 1 year or less and there were none held long-term. As of December 31, 2022, the Company's available-for-sale securities classified as short-term of \$44.9 million mature in 1 year or less and there were none held long-term.

Note 5—Inventory

Inventory as of March 31, 2023 and December 31, 2022 consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
	(unaudited)	
Raw materials	\$ 10,253	\$ 9,179
Work in process	1,843	2,025
Finished goods	2,842	2,123
Total inventory	\$ 14,938	\$ 13,327

Note 6—Lessor Sales-Type Leases

The Company recognizes revenue and costs, as well as a lease receivable, at the commencement of embedded sales-type leases within its deferred equipment agreements. There was no lease revenue related to sales-type leases for both the three months ended March 31, 2023 and 2022. Costs related to embedded leases within the Company's deferred equipment agreements are included in cost of products sold in the condensed consolidated statements of operations and comprehensive loss.

As of March 31, 2023 and December 31, 2022, a balance of \$0.6 million for both periods for short-term leases receivable is recorded in prepaid expenses and other current assets on the condensed consolidated balance sheets, and a balance of \$0.4 million and \$0.5 million, respectively, for long-term leases receivable is recorded in other assets related to sales-type leases.

The following table is an estimation of maturities of customer sales-type lease receivables for each of the following years as of March 31, 2023 (in thousands):

	Total Maturities
Nine months ending December 31, 2023	\$ 527
Year ending December 31, 2024	393
Year ending December 31, 2025	133
Total maturities of customer sales-type leases	\$ 1,053

Note 7—Property and Equipment, Net

The Company's property and equipment, net, consisted of the following as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	December 31, 2022
	(unaudited)	
Medical diagnostic equipment	\$ 15,042	\$ 14,826
Furniture and fixtures	400	432
Office equipment	1,556	1,556
Laboratory equipment and software	5,226	5,148
Leasehold improvements	608	580
Construction in process	2,008	2,166
Total property and equipment	24,840	24,708
Less: accumulated depreciation	(16,695)	(15,487)
Property and equipment, net	\$ 8,145	\$ 9,221

Property and equipment includes certain medical diagnostic equipment and AcQMap Systems located at customer premises. The Company retains ownership of the equipment and has the right to remove the equipment if it is not being used according to expectations. The Company records the cost of equipment to cost of sales on the condensed consolidated statements of operations and comprehensive loss when it is subsequently sold or the Company enters into a sales-type lease agreement. See *Note 6 - Lessor Sales-Type Leases* for additional details.

Depreciation expense was \$1.3 million and \$1.6 million for the three months ended March 31, 2023 and 2022, respectively.

Note 8—Intangible Assets

The following table presents intangible assets activity for the three months ended March 31, 2023 (in thousands):

	Intangible Assets
Balance, December 31, 2022	\$ 1,583
Amortization expense	(50)
Balance, March 31, 2023 (unaudited)	\$ 1,533

Intangible Assets

The tables below present the details of intangible assets as of March 31, 2023 and December 31, 2022 (dollars in thousands):

March 31, 2023	Estimated Useful Life (in years)	Weighted Average Remaining Life (in years)	Intangible Assets	Accumulated Amortization	Balance (unaudited)
Licensed intangibles	10.0	7.7	\$ 2,000	\$ (467)	\$ 1,533
Total intangible assets			\$ 2,000	\$ (467)	\$ 1,533
December 31, 2022	Estimated Useful Life (in years)	Weighted Average Remaining Life (in years)	Intangible Assets	Accumulated Amortization	Balance
Licensed intangibles	10.0	7.9	2,000	(417)	1,583
Total intangible assets			\$ 2,000	Rx \$ (417)	\$ 1,583

The Company recorded amortization expense related to the above intangible assets of \$0.1 million and \$0.2 million for the three months ended March 31, 2023 and 2022, respectively.

The following table presents the future amortization expense associated with amortizable intangible assets as of March 31, 2023 (in thousands):

	Total Amortization
Nine months ending December 31, 2023	\$ 150
Year ending December 31, 2024	200
Year ending December 31, 2025	200
Year ending December 31, 2026	200
Year ending December 31, 2027	200
Thereafter	583
Total future amortization	\$ 1,533

Note 9—Accrued Liabilities

Accrued liabilities consisted of the following as of March 31, 2023 and December 31, 2022 (in thousands):

	March 31, 2023	December 31, 2022
	(unaudited)	
Compensation and related expenses	\$ 4,988	\$ 6,919
Professional fees	169	126
Deferred revenue	297	326
Sales and use tax	724	639
Clinical studies	252	390
Clinician Council payable	191	216
Accrued royalties	223	159
Accrued restructuring	19	45
Other	439	866
Total accrued liabilities	\$ 7,302	\$ 9,686

Note 10—Debt

Outstanding debt as of March 31, 2023 and December 31, 2022 consisted of the following (in thousands):

	March 31, 2023	December 31, 2022
	(unaudited)	
2022 Credit Agreement ⁽¹⁾	\$ 36,750	\$ 36,776
Total outstanding debt, gross	36,750	36,776
Less: Unamortized debt discount and fees	(2,224)	(2,342)
Total outstanding debt, long-term	\$ 34,526	\$ 34,434

⁽¹⁾ The 2022 Credit Agreement includes final payment fees of \$1.8 million.

2022 Amended and Restated Credit Agreement

On June 30, 2022, the Company amended and restated its prior debt facility. The amended and restated credit agreement (the "2022 Credit Agreement") is with new lenders consisting of certain affiliates of Deerfield Management Company (collectively referred to as "Deerfield") and is for an aggregate principal amount of \$35.0 million and has a 5-year term. Proceeds from the 2022 Credit Agreement, along with cash on hand, were used to repay the prior debt facility and to pay related fees and expenses.

The 2022 Credit Agreement bears an annual interest of 9% plus the one-month adjusted term Secured Overnight Financing Rate (applying a 2.5% minimum rate). From date of closing, amortization payments are due as follows:

- 15% of the principal due at the end of month 36;
- 15% of the principal due at the end of month 48; and
- 70% due at the end of month 60.

The 2022 Credit Agreement is subject to prepayment penalties. The 2022 Credit Agreement provides for final payment fees of an additional \$1.8 million due upon prepayment, on the maturity date or upon acceleration.

The 2022 Credit Agreement is secured by a first-priority perfected lien on and security interest in substantially all of the Company's existing and after-acquired tangible and intangible assets, subject to certain exceptions noted in the 2022 Credit Agreement.

The 2022 Credit Agreement is subject to certain customary affirmative covenants, representations and warranties and other terms and conditions. It also contains certain customary negative covenants, including, but not limited to, restrictions on the Company's ability and that of its subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets or enter into transactions with affiliates. As of and for the three months ended March 31, 2023, the Company was in compliance with all such covenants.

In addition, the 2022 Credit Agreement includes customary events of default and other provisions that could require all amounts due thereunder to become immediately due and payable, either automatically or at the option of the lenders, if the Company fails to comply with the terms.

In connection with entering into the 2022 Credit Agreement, the Company entered into a warrant purchase agreement (the "2022 Warrant Purchase Agreement") with Deerfield, pursuant to which the Company issued to Deerfield warrants to purchase up to an aggregate 3,779,018 shares of common stock at an exercise price of \$1.1114 per warrant share for a period of eight years following issuance (the "2022 Warrants").

The 2022 Warrants represent a freestanding financial instrument and are conditionally puttable at the holder's option upon an event that is outside of the Company's control. Therefore, the 2022 Warrants are classified as liability pursuant to ASC 480, *Distinguishing Liabilities from Equity*, initially and subsequently recognized at fair value, with changes in fair value recognized in the statement of operations and comprehensive loss. Refer to Fair Value Measurements in *Note 2 - Summary of Significant Accounting Policies* and *Note 13 - Warrants* for more information.

Note 11—Operating Leases

The Company leases approximately 50,800 square feet of office space for its corporate headquarters and manufacturing facility in Carlsbad, California under a non-cancelable operating lease that expires on December 31, 2027. The lease is subject to variable charges for common area maintenance and other costs that are determined annually based on actual costs. The base rent is subject to an annual increase each year. The Company has a renewal option for an additional five-year term upon the expiration date of the lease, which has been excluded from the calculation of the right-of-use asset as it is not reasonably certain to be exercised.

Additionally, the Company leases approximately 3,900 square feet of office space in Zaventem, Belgium under a non-cancelable operating lease that expires on December 31, 2024. The lease is subject to variable charges that are determined annually for common area maintenance and other costs based on actual costs, and base rent is subject to an annual increase each year based on an index rate.

The following table summarizes quantitative information about the Company's operating leases for the three months ended March 31, 2023 and 2022 (dollars in thousands):

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Operating cash flows from operating leases	\$ 281	\$ 98
Weighted average remaining lease term – operating leases (in years)	4.7	3.4
Weighted average discount rate – operating leases	7.0 %	7.0 %

The following table provides the components of the Company’s operating lease expense for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Operating leases		
Operating lease cost	\$ 251	\$ 247
Variable lease cost	81	77
Total operating lease expense	\$ 332	\$ 324

As of March 31, 2023, future minimum payments under the non-cancelable operating leases under ASC 842 were as follows (in thousands):

Nine months ending December 31, 2023	\$ 330
Year ending December 31, 2024	1,159
Year ending December 31, 2025	1,151
Year ending December 31, 2026	1,185
Year ending December 31, 2027	1,221
Total	5,046
Less: present value discount	(824)
Operating lease liabilities	\$ 4,222

Note 12—Commitments and Contingencies

The Company and certain of its current and former officers have been named as defendants in two putative securities class action lawsuits filed in the United States District Court for the Southern District of California on February 14, 2022 and March 23, 2022. On July 19, 2022, the court consolidated the two actions, appointed a lead plaintiff and appointed lead counsel for the proposed class. On September 16, 2022, the lead plaintiff filed a consolidated amended complaint. The defendant thereafter filed a motion to dismiss. Due to the complex nature of the legal and factual issues involved in these class action matters, the outcome is not presently determinable and any loss is neither probable nor reasonably estimable.

Note 13—Warrants

As of March 31, 2023 and December 31, 2022, the outstanding warrants to purchase the Company's common stock consisted of the following:

	<u>Exercise Price</u>	<u>Expiration Date</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>
			<u>(unaudited)</u>	
Warrants issued in 2015	\$ 5.25	1/30/25	3,808	3,808
Warrants issued with 2018 Convertible Notes	\$ 0.10	6/7/28	346,689	346,689
Warrants issued with 2018 Term Loan	\$ 16.67	7/31/28	26,998	26,998
Warrants issued with 2019 Credit Agreement	\$ 16.67	5/20/29	419,992	419,992
Warrants issued with 2022 Credit Agreement	\$ 1.11	6/30/30	3,779,018	3,779,018
Total Warrants			<u>4,576,505</u>	<u>4,576,505</u>

There was no warrant activity during the three months ended March 31, 2023.

The Company's warrants provide the holder the option to purchase a specified number of shares for a specified price within a specified duration or upon the occurrence of a specific event. The holder may exercise the warrant either by cash payment or by exercise pursuant to a cashless exercise whereby a calculated number of shares are withheld upon exercise to satisfy the exercise price. The warrants do not provide the holder any voting rights until the warrants are exercised.

In accordance with ASC 480, the 2022 Warrants are recorded at fair value on the condensed consolidated balance sheets as a warrant liability. Changes in fair value are recognized as a change in fair value of warrant liability in the condensed consolidated statements of operations and comprehensive loss. For the three months ended March 31, 2023, a favorable fair value change of \$1.4 million was recognized.

In connection with the Series A Common Equivalent Preferred Stock Exchange Agreements (as defined below), four warrant holders are limited to exercising their warrants such that following any such exercise, the number of shares of common stock beneficially owned by such holder cannot exceed 4.9% of the outstanding common stock of the Company (two of the holders may, at their option and upon sufficient prior written notice to the Company, increase such percentage to 9.9%). In the event the common share limit has been met and the holder chooses to exercise their warrants, the holder can sell any common stock they hold. Therefore, the amendment to the warrant agreements does not restrict the holder from fully exercising the warrants under the original terms of the warrant agreements.

Note 14—Stockholders' Equity**Series A Common Equivalent Preferred Stock**

In August 2021, the Company entered into exchange agreements (the "Exchange Agreements") with four investors pursuant to which the investors exchanged 6,665,841 shares of the Company's common stock for 6,666 shares of a new series of non-voting convertible preferred stock of the Company designated as "Series A Common Equivalent Preferred Stock," par value \$0.001 per share (the "Preferred Stock"). In connection with the issuance of the Preferred Stock pursuant to the Exchange Agreements, on August 23, 2021, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of the Series A Common Equivalent Preferred Stock of the Company with the Secretary of State of the State of Delaware. The Preferred Stock ranks senior to the common stock with respect to rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, having a liquidation preference equal to its par value of \$0.001 per share. The Preferred Stock will participate equally and ratably on an as-converted basis with the holders of common stock in all cash dividends paid on the common stock. The Preferred Stock is non-voting.

Upon election, each holder may convert each share of Preferred Stock into 1,000 shares of common stock, except to the extent that following such conversion the number of shares of common stock held by such holder, its affiliates and any other persons whose beneficial ownership of common stock would be aggregated with such holder's for purposes of Section 13(d) of the Exchange Act including shares held by any "group" (as defined in Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) and applicable regulations of the Securities and Exchange Commission ("SEC") of which such holder is a member, but excluding shares beneficially owned by virtue of the ownership of securities or rights to acquire securities that have limitations on the right to convert, exercise or purchase similar to the limitation set forth in the Series A Certificate of Designation, exceeds 4.9% (or, at the election of the holders, OrbiMed Private Investments IV, LP or OrbiMed

Royalty Opportunities II, LP, made by delivering at least 61 days advance written notice to the Company of its intention to increase the beneficial ownership cap applicable to such holder, 9.9%) of the total number of shares of common stock then issued and outstanding.

Common Stock

During the three months ended March 31, 2023 and 2022, stock options to acquire 3,218 shares and 35,478 shares, respectively, were exercised for shares of the Company's common stock with proceeds of less than \$0.1 million and \$0.1 million, respectively. Additionally in conjunction with the 2020 Employee Stock Purchase Plan (the "2020 ESPP"), during the three months ended March 31, 2022, 94,226 shares of common stock were issued for consideration of \$0.2 million. No shares were issued related to the 2020 ESPP during the three months ended March 31, 2023. During the three months ended March 31, 2023 and 2022, the Company issued 336,206 shares and 192,138 shares, respectively, of common stock upon vesting of RSUs.

Note 15—Stock-Based Compensation

2022 Inducement Equity Incentive Plan

The 2022 Inducement Equity Incentive Plan (the "2022 Plan"), which permits the granting of nonstatutory stock options, RSUs, RSAs, stock appreciation rights, performance share units ("PSUs"), performance shares and other equity-based awards to employees, directors and consultants, became effective on March 30, 2022. As of March 31, 2023, 6,000,000 shares of common stock were authorized for issuance under the 2022 Plan, of which 5,887,500 remain available for issuance under the 2022 Plan.

2020 Equity Incentive Plan

The 2020 Equity Incentive Plan (the "2020 Plan"), which permits the granting of nonstatutory stock options, RSAs, RSUs, stock appreciation rights, PSUs, performance shares and other equity-based awards to employees, directors and consultants became effective on August 5, 2020. As of March 31, 2023, 5,573,491 shares of common stock were authorized for issuance under the 2020 Plan, including 1,142,186 additional shares that were authorized on January 1, 2023. As of March 31, 2023, 1,332,061 shares remain available for issuance under the 2020 Plan.

2011 Equity Incentive Plan

The Company's 2011 Equity Incentive Plan (the "2011 Plan") permits the granting of incentive stock options, non-statutory stock options, RSAs, RSUs and other stock-based awards to employees, directors, officers and consultants. As of March 31, 2023, 1,318,865 shares of common stock were authorized for issuance under the 2011 Plan and no shares remain available for issuance under the 2011 Plan. No additional awards will be granted under the 2011 Plan. Shares that become available for issuance from the outstanding awards under the 2011 Plan due to forfeiture, or otherwise, will become available for issuance from future awards under the 2020 Plan.

Stock Options

Stock options granted generally vest over four years and have a ten-year contractual term. The fair value of each employee and non-employee stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. The Company's common stock became publicly traded in August 2020 and lacks company-specific historical and implied volatility information. Therefore, the Company estimates its expected stock volatility based on the historical volatility of a set of publicly traded peer companies. Due to the lack of historical exercise history, the expected term of the Company's stock options has been determined using the "simplified" method for awards. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is zero based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

The following assumptions were used to estimate the fair value of stock options for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Risk-free interest rate	4.27%	1.76%
Expected dividend yield	—	—
Expected term in years	5.6	6.0
Expected volatility	75%	75%

The Company's stock option activity for the three months ended March 31, 2023 was as follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2022	2,898,821	\$ 6.83	6.9	\$ 79
Options granted	592,500	1.41		
Options exercised	(3,218)	1.34		\$ 1
Options forfeited	(35,224)	2.10		
Outstanding as of March 31, 2023 (unaudited)	3,452,879	\$ 5.96	7.2	\$ 29
Options vested and exercisable as of March 31, 2023 (unaudited)	2,019,014	\$ 7.88	5.9	\$ —

For options in the money, the aggregate intrinsic value for options outstanding in the above table represents the product of the number of options outstanding multiplied by the difference between the per share fair value of the Company's common stock on the last day of the fiscal period, which was \$0.75 and \$1.15 as of March 31, 2023 and December 31, 2022, respectively, and the exercise price. The aggregate intrinsic value for options exercised in the above table represents the product of the number of options exercised multiplied by the difference between the per share fair value of the Company's stock on the date of exercise and the exercise price. The weighted average grant date fair value per share for the stock option awards granted during the three months ended March 31, 2023 was \$0.94. As of March 31, 2023, the total unrecognized compensation related to unvested stock option awards granted was \$5.8 million, which the Company expects to recognize over a weighted-average period of approximately 1.5 years.

Restricted Stock Units (RSUs)

The Company's RSU activity for the three months ended March 31, 2023 was as follows:

	Number of Shares	Weighted Average Grant Price
Unvested as of December 31, 2022	1,659,898	\$ 4.17
Granted	1,525,000	1.41
Forfeited	(77,720)	5.53
Vested	(453,549)	2.11
Unvested as of March 31, 2023 (unaudited)	2,653,629	\$ 2.90

As of March 31, 2023, there was \$6.1 million of unrecognized compensation related to unvested RSUs, which the Company expects to recognize over a weighted-average period of approximately 1.8 years.

Employee Stock Purchase Plan

The 2020 ESPP permits individual employees to purchase shares of the Company's common stock from amounts accumulated under payroll deductions. The ESPP became effective on August 5, 2020 wherein 645,105 shares of common stock were authorized. Additional shares of common stock are allocated to the 2020 ESPP by the determination of the Compensation

Committee of the Company's Board of Directors, in its sole discretion, and by evergreen provisions in the plan authorization. Automatically authorized in 2023 were 252,042 shares under the plan's evergreen provision. As of March 31, 2023, 714,179 shares are available for purchase under the Company's 2020 ESPP.

The 2020 ESPP is implemented in consecutive offering periods with a new offering period commencing on the first trading day on or after May 15 and November 15 of each year and terminating on the last trading day on or before November 14 and May 14, respectively. On each purchase date, which falls on the last date of each offering period, 2020 ESPP participants will purchase shares of common stock at a price per share equal to 85% of the lesser of (1) the fair market value per share of the common stock on the offering date or (2) the fair market value of the common stock on the purchase date. The occurrence and duration of offering periods under the 2020 ESPP are subject to the determinations of the Compensation Committee of the Company's Board of Directors, in its sole discretion.

The fair value of the 2020 ESPP shares used in determining compensation expense is estimated using the Black-Scholes option pricing model.

Total Stock-Based Compensation

The following table summarizes the total stock-based compensation expense for the stock options, PSUs, RSUs, RSAs and ESPP expense recorded in the condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Cost of products sold	\$ 74	\$ 226
Research and development	346	514
Selling, general and administrative	1,484	2,292
Total stock-based compensation	<u>\$ 1,904</u>	<u>\$ 3,032</u>

Note 16—Net Loss Per Common Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Diluted net loss per common share excludes the potential impact of the Company's convertible preferred stock, common stock options, RSUs, RSAs, intended ESPP purchases and warrants because the Company's net losses would cause such shares to be anti-dilutive. Therefore, as the Company recorded net losses in the periods presented, basic and diluted net loss per common share are the same.

The table below provides potentially dilutive securities not included in the calculation of the diluted net loss per common share because to do so would be anti-dilutive:

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Shares issuable upon:		
Conversion of Series A Common Equivalent Preferred Stock	6,665,841	6,665,841
Exercise of common stock warrants	4,576,505	797,487
Exercise of stock options	2,019,014	4,021,359
Vesting of RSUs and RSAs	2,653,629	1,718,351
Issuance of shares under 2020 ESPP	51,730	—
Total potentially dilutive securities	<u>15,966,719</u>	<u>13,203,038</u>

Note 17—401(k) Retirement Plan

The Company has a 401(k) retirement savings plan that provides retirement benefits to substantially all full-time U.S. employees. Eligible employees may contribute a percentage of their annual compensation, subject to Internal Revenue Service limitations. The Company provided no contributions to the 401(k) retirement savings plan for the three months ended March 31, 2023 and 2022.

Note 18—Related Party Transactions

Consulting Agreement

The Company has a consulting agreement with the chairman of the Company's Board of Directors. The Company recorded less than \$0.1 million of expense related to the agreement for both the three months ended March 31, 2023 and 2022.

Credit Agreements

The Company's prior credit agreement (the "2019 Credit Agreement") was between the Company and related parties OrbiMed Royalty Opportunities II, LP and Deerfield Private Design Fund II, L.P., and provided for a loan of up to \$70.0 million with a maturity date of May 20, 2024. On June 30, 2022, the loan balance of \$40.0 million was repaid in full out of the proceeds of the 2022 Credit Agreement. The 2022 Credit Agreement with related parties Deerfield Private Design Fund III, L.P. and Deerfield Partners, L.P. replaced the 2019 Credit Agreement and provides for an aggregate principal amount of \$35.0 million and a maturity date five years from the closing of the loan. Refer to *Note 10 - Debt* for additional details.

The liability for the loan balance related to the 2022 Credit Agreement and the 2019 Credit Agreement recorded on the Company's consolidated balance sheets was \$34.4 million and \$40.4 million as of December 31, 2022 and 2021, respectively. The Company recorded interest expense related to the debt on the consolidated statement of operations and comprehensive loss of \$5.1 million and \$5.7 million for the years ended December 31, 2022 and 2021, respectively.

Warrants

In connection with the 2022 Credit Agreement, the Company entered into the 2022 Warrant Purchase Agreement with Deerfield, pursuant to which the Company issued warrants for the purchase up to an aggregate 3,779,018 shares of the Company's common stock at an exercise price of \$1.1114 per share for a period of eight years following issuance. Refer to *Note 13 - Warrants* for additional details.

Registration Rights Agreement

On June 30, 2022, in connection with the issuance of the 2022 Warrants, the Company also entered into a registration rights agreement (the "Registration Rights Agreement") with Deerfield, pursuant to which the Company filed a shelf registration statement on Form S-3 with the SEC to register the resale of certain securities held by Deerfield and their affiliates (the "Registrable Securities"). In addition, for a period of five years following the execution of the Registration Rights Agreement, or until all Registrable Securities are registered or no longer subject to restrictions on transfer (whichever is earlier), Deerfield will hold certain "piggy-back" registration rights with respect to registration statements filed during such period. The Company will generally pay all reasonable expenses incidental to its obligations and performance under the Registration Rights Agreement, other than underwriting discounts and commissions and such other charges.

Note 19—Subsequent Events

On May 1, 2023, the Company received a notice from The Nasdaq Stock Market ("Nasdaq") that the Company is not in compliance with Nasdaq's Listing Rule 5450(a)(1), as the minimum bid price of the Company's common stock has been below \$1.00 per share for 30 consecutive business days. The notification of noncompliance has no immediate effect on the listing or trading of the Company's common stock on The Nasdaq Global Market.

The Company has 180 calendar days, or until October 30, 2023, to regain compliance with the minimum bid price requirement. To regain compliance, the minimum bid price of the Company's common stock must meet or exceed \$1.00 per share for a minimum of ten consecutive business days during this 180-calendar day grace period. In the event the Company does not regain compliance with the minimum bid price requirement by October 30, 2023, the Company may be eligible for an additional 180-calendar day compliance period if it elects to transfer to The Nasdaq Capital Market to take advantage of the additional compliance period offered on that market. To qualify, the Company would be required to meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and would need to provide written notice of its intention to cure the bid price

deficiency during the second compliance period. The Company's failure to regain compliance during this period could result in delisting.

The Company intends to actively monitor the bid price of its common stock and will consider available options to regain compliance with the listing requirements. There can be no assurance that the Company will be able to regain compliance with Nasdaq's Listing Rule 5450(a)(1) or will otherwise be in compliance with other Nasdaq listing criteria.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed consolidated financial statements and related notes and other financial information included elsewhere in this Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Form 10-Q, including information with respect to our plans and strategy for our business, includes "forward-looking statements" within the meaning of Section 21E of the Exchange Act. In some cases, you can identify these statements by forward-looking words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate" or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included in this Form 10-Q and in the section titled "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022. The forward-looking statements in this Form 10-Q represent our views as of the date of this Form 10-Q. Except as may be required by law, we assume no obligation to update these forward-looking statements or the reasons that results could differ from these forward-looking statements. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Form 10-Q.

Overview

We are an arrhythmia management company focused on improving the way cardiac arrhythmias are diagnosed and treated. Despite several decades of effort by the incumbents in this field, the clinical and economic challenges associated with arrhythmia treatment continue to be a huge burden for patients, providers and payors. We are 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 effectively and efficiently. Through internal product development, acquisitions and global partnerships, we have established a global sales presence delivering a broad portfolio of highly differentiated electrophysiology products. Our goal is to provide our customers with a complete solution for catheter-based treatment of cardiac arrhythmias in each of our geographic markets.

Our product portfolio includes novel access sheaths, diagnostic and mapping catheters, conventional and contact force ablation catheters (currently available only in our European markets), mapping and imaging consoles and accessories, as well as supporting algorithms and software programs. Our foundational and most highly differentiated product is our AcQMap imaging and mapping system, which offers a paradigm-shifting approach to mapping the drivers and maintainers of arrhythmias with unmatched speed and precision. With the ability to rapidly and accurately identify ablation targets and to confirm both ablation success and procedural completion, we believe our AcQMap System addresses a significant primary unmet need in electrophysiology procedures today.

We were incorporated in the state of Delaware on March 25, 2011 and are headquartered in Carlsbad, California. Early versions of our AcQMap System and certain related accessory products have been used in the United States since May 2018 and Western Europe since July 2016 in a limited, pilot launch capacity, where our focus was on optimizing workflow and validating our value proposition. We fully commenced the launch of our commercial-grade console and software products in the first quarter of 2020. Critical to our launch and future market adoption are a series of strategic transactions, regulatory approvals, and clinical trial milestones including the following: ongoing development and expansion of our Bi-Lateral Distribution Agreement with Biotronik, Food and Drug Administration (the "FDA") 510(k) clearance and CE Mark of our second-generation AcQMap console and SuperMap software suite; and the completion of enrollment in our U.S. clinical study for the AcQBlate Force sensing ablation catheter and system.

In June 2022, we completed the first closing of the sale of our left-heart access portfolio to Medtronic as described further below. On November 3, 2022, we announced our achievement of the OEM Earnout Conditions (as defined in the Asset Purchase Agreement) set forth in the Asset Purchase Agreement. Further on December 1, 2022, Medtronic qualified us as an OEM, and accordingly, we will manufacture this product line exclusively for Medtronic for a period of up to four years until such time that Medtronic transfers the Products to a dedicated manufacturing facility and becomes the manufacturer of record. Additionally, on December 21, 2022, we achieved a \$17.0 million Transfer Earnout as set forth in the Asset Purchase Agreement. See *Contingent Consideration Relating to Sale of Left-heart Access Portfolio*, below.

We market our electrophysiology products worldwide to hospitals and electrophysiologists that treat patients with arrhythmias. We have strategically developed a direct selling presence in the United States and select markets in Western Europe where cardiac ablation is a standard of care and third-party reimbursement is well-established. In these markets, we install our AcQMap console and workstation with customer accounts and then sell our disposable products to those accounts for use with our system. In other international markets, we leverage our partnership with Biotronik to install our AcQMap console and

workstation with customer accounts and then to sell our disposable products to those accounts. Once an AcQMap console and workstation is established in a customer account, our revenue from that account becomes predominantly recurring in nature and derived from the sale of our portfolio of disposable products used with our system. Our currently marketed disposable products include access sheaths, diagnostic and mapping catheters, ablation catheters and accessories. We plan to leverage the geographically concentrated nature of procedure volumes and the recurring nature of our sales to drive an increasingly efficient commercial model.

For the three months ended March 31, 2023 and 2022, we generated revenue of \$4.2 million and \$3.7 million, respectively, of which 46% and 45%, respectively, was from customers located outside of the United States. Since our inception, we have generated significant losses. Our net loss was \$16.3 million and \$40.0 million for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023 and December 31, 2022, we had an accumulated deficit of \$534.6 million and \$518.3 million, respectively, and working capital of \$84.7 million and \$98.0 million, respectively.

Restructuring

In 2022, we completed an organizational workforce reduction and implemented additional cost reduction measures to reduce our operating expenses and optimize our cash resources. The restructuring was the result of a detailed review of our strategic priorities, the external environment, and cost structure and is intended to sharpen our focus and strengthen our financial position. As part of the restructuring, we intend to prioritize maximizing console utilization and procedure volume growth in targeted geographic regions, as well as a more focused scope of product development initiatives.

Contingent Consideration Relating to Sale of Left-heart Access Portfolio

On June 30, 2022, we completed the first closing in accordance with the Asset Purchase Agreement with Medtronic, pursuant to which we agreed to sell to Medtronic certain transseptal access and sheath assets which make up our left-heart access portfolio (and which comprised the Rhythm Xience product line as part of the acquisition of Rhythm Xience). Pursuant to the Asset Purchase Agreement, Medtronic paid \$50.0 million at the First Closing, of which \$4.0 million was paid into an indemnity escrow account for a period of 18 months following the First Closing to secure our indemnification obligations under the Asset Purchase Agreement, which we recorded as restricted cash on our condensed consolidated balance sheets.

The Company is also eligible to receive the following contingent cash consideration pursuant to the Asset Purchase Agreement:

- (i) OEM Earnout: \$20.0 million upon the Company's completion, to the reasonable satisfaction of Medtronic, of certain conditions set forth in the Asset Purchase Agreement relating to the Company becoming a qualified supplier of Medtronic for the Products, including demonstration of ISO 14971:2019 compliance, completion of certain test method validations and compliance with certain other reporting requirements;
- (ii) Transfer Earnout: \$17.0 million upon the earlier of (A) the Second Closing or (B) the Company's initial submission for CE Mark certification of the Products under the European Union Medical Devices Regulation, to the reasonable satisfaction of a third-party regulatory consultant, subject to certain other conditions as set forth in the Asset Purchase Agreement; and
- (iii) Net Sales Earnouts: Amounts equal to 100%, 75%, 50% and 50%, respectively, of quarterly Net Sales (as defined in the Asset Purchase Agreement) from sales of the Products achieved by Medtronic over each year of a four-year period beginning on the first full quarter after Medtronic's first commercial sale of a Product and achievement of the OEM Earnout.

The \$20.0 million OEM Earnout was achieved in October 2022 and payment was received in November 2022, of which \$1.6 million is held in escrow and recorded as restricted cash on the condensed consolidated balance sheets. The \$17.0 million Transfer Earnout was achieved in December 2022 and payment was received in January 2023, of which \$1.4 million is held in escrow and recorded as restricted cash on the condensed consolidated balance sheets. During the three months ended March 31, 2023, \$1.2 million was earned under item (iii) and recorded as a receivable on the condensed consolidated balance sheet as of March 31, 2023.

With the achievement of the OEM Earnout Conditions (as defined in the Asset Purchase Agreement) and upon notice from Medtronic, Medtronic became the Company's exclusive distributor of the Products under the Distribution Agreement.

A second closing would occur on a date determined by Medtronic, but no later than the fourth anniversary of the First Closing, subject to the satisfaction of customary closing conditions. Upon the Second Closing, Medtronic will acquire certain additional

assets relating to the Products, primarily supplier agreements and permits and design and specification files required for Medtronic to become the manufacturer of record of the Products.

Key Business Metrics

We regularly review a number of operating and financial metrics, including the following key business metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. We believe that the following metrics are representative of our current business. However, we anticipate these metrics may change or may be substituted for additional or different metrics as our business grows and as we introduce new products.

Installed Base

Our mapping and therapy platform is enabled by our AcQMap console that we install at customer sites globally. We believe our installed base is a key driver of our business model, enabling utilization and disposable pull-through. We define our installed base as the cumulative number of AcQMap consoles and workstations placed into service at customer sites. We install our AcQMap console and workstation with customers under evaluation contracts. Under these evaluation contracts, we place our AcQMap console and workstation with customers for no upfront fee to the customer during the applicable evaluation period and seek to reach agreement with the customer for the purchase of the console and workstation in the form of a contractual commitment to purchase a minimum amount of our disposable products or a cash purchase. Beginning in 2022, we started to remove and reposition low utilization AcQMap consoles, which has resulted in a decrease in installed base in the United States. Our total installed base as of March 31, 2023 and 2022 is set forth in the table below:

	As of March 31,	
	2023	2022
	(unaudited)	
Acutus		
U.S.	28	39
Outside the U.S.	49	38
Total Acutus net system placements	77	77

Procedure Volumes

Once an AcQMap console and workstation is established in a customer account, our revenue from that account becomes predominantly recurring in nature and derived from the sale of our portfolio of disposable products used with our system. Procedure volumes and the utilization of our AcQMap console will be the primary driver of our business over the long-term.

Our total procedure volumes for the three months ended March 31, 2023 and 2022 are set forth in the table below:

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Procedure volumes	451	465

Factors Affecting Our Performance

There are a number of factors that have impacted, and we believe will continue to impact, or that we expect to impact, our results of operations and growth.

Market Acceptance.

The growth of our business will depend substantially on our ability to increase our installed base. Once an AcQMap console and workstation is established in a customer account, our revenue from that account becomes predominantly recurring in nature and derived from the sale of our portfolio of disposable products used with our system.

Our ability to increase our installed base will depend on our ability to gain broader acceptance of our AcQMap System by continuing to make physicians and other hospital staff aware of the benefits of the AcQMap System, thereby generating increased demand for system installations and the frequency of use of our disposable products. Although we are attempting to

increase our installed base through our established relationships and focused sales efforts, we cannot provide assurance that our efforts will be successful.

Commercial Organization Size and Effectiveness

As of March 31, 2023, our commercial organization consisted of 49 individuals with substantial applicable medical device, sales and clinical experience, which is comprised of sales representatives, sales managers, mappers and marketing personnel. We intend to continue to make investments in our commercial organization in training, developing, continuing education, and targeted increases in sales representatives, sales managers and mappers to help facilitate further adoption of our products among existing and new customer accounts. The effectiveness with which we manage our commercial organization, the speed at which newly hired personnel contribute to business performance, and the impact of turnover can impact our revenue growth or our costs incurred in anticipation of such growth.

Strategic Partnerships and Acquisitions

We have in the past, and may in the future, enter into strategic partnerships and acquire complementary businesses, products or technologies. For example, we acquired our AcQBlate Force Sensing Ablation System from Biotronik in July 2019 and entered into our Global Alliance for Electrophysiology with Biotronik in May 2020. In addition, as part of the Asset Purchase Agreement with Medtronic, we will be their OEM supplier of the Products for up to the next four years.

Our strategic partnerships and acquisitions have helped us establish a global sales presence delivering a broad portfolio of highly differentiated electrophysiology products. Our ability to grow our revenue will depend substantially on our ability to leverage our strategic partnerships and acquisitions to achieve distribution at a global scale, broaden our product portfolio and enable and accelerate global connectivity.

Continued Investment in Innovation

Our business strategy relies significantly on innovation to develop and introduce new products and to differentiate our products from our competitors. Research and development continued to provide both new products as well as generational improvements to the current product lines through the release of multiple versions of software and disposable products including significant improvements to our mapping system hardware. Additionally, research efforts evolved into development projects for advanced therapies, improved navigational accuracy and enhanced mapping capabilities.

We expect our investments in research and development to decrease as we have a focused scope on key product development initiatives. We plan our research and development expenditures with internal initiatives, as well as potentially licensing or acquiring technology from third parties. We also expect expenditures associated with our manufacturing organization to grow over time as production volume increases and we bring new products to market. Our internal and external investments will be focused on initiatives that we believe will offer the greatest opportunity for growth and profitability.

Introducing additional, innovative products is also expected to help support our existing installed base and help drive demand for additional installations of our system. If, however, our future innovations are not successful in meeting customers' needs or prove to be too costly relative to their perceived benefit, we may not be successful. Moreover, as cost of products sold, operating expenses and capital expenditures fluctuate over time, we may experience short-term, negative impacts to our results of operations and cash flows, but we are undertaking such investments in the belief that they will contribute to long-term growth.

Product and Geographic Mix and Timing

Our financial results, including our gross margins, may fluctuate from period to period due to a variety of factors, including: average selling prices; production volumes; the cost of direct materials; the timing of customer orders or medical procedures and the timing and number of system installations; the number of available selling days in a particular period, which can be impacted by a number of factors such as holidays or days of severe inclement weather in a particular geography; the mix of products sold and the geographic mix of where products are sold; the level of reimbursement available for our products; discounting practices; manufacturing costs; product yields; headcount and cost-reduction strategies. For example, gross margins on the sale of our products by our direct selling organization in the United States and Western Europe are higher than gross margins on the sale of our products by Biotronik in other parts of the world. Moreover, gross margins on the sale of our proprietary products are generally higher than gross margins on the sale of products we source through our strategic partnerships with third parties.

Future selling prices and gross margins for our products may fluctuate due to a variety of other factors, including the introduction by others of competing products or the attempted integration by third parties of capabilities similar to ours into

their existing products. We aim to mitigate downward pressure on our selling prices by increasing the value proposition offered by our products through innovation. While we have not yet experienced significant seasonality in our results, it is not uncommon in our industry to experience seasonally weaker revenue during the summer months and end-of-year holiday season.

Regulatory Approvals / Clearances and Timing and Efficiency of New Product Introductions

In May 2022, we completed enrollment in our U.S. IDE study for the AcQBlate Force Sensing Ablation System for use in right atrial flutters. We filed for PMA in the second half of 2022. In December 2022, we announced receipt of MDR CE mark of the AcQMap 3D Imaging and Mapping catheter. In July 2022, we announced approval of the AcQMap High Resolution Imaging and Mapping System and the AcQMap 3D Imaging and Mapping Catheter in Japan.

In May 2021, we received FDA approval to initialize an atrial fibrillation IDE trial in the United States with the AcQBlate Force Sensing Ablation System. Additionally, we received CE Mark approval for a broad suite of electrophysiology products that includes the next-generation AcQGuide MAX and AcQGuide VUE large bore delivery sheaths and the next-generation AcQMap Mapping Catheter in May 2021. Further, we received CE Mark in December 2020 in Europe for the use of our AcQBlate Force Sensing Ablation System and are seeking FDA PMA for this system in the United States, as well as regulatory clearance or approval of our other pipeline products in the United States and in international markets.

Our ability to grow our revenue will depend on our obtaining necessary regulatory approvals or clearances for our products. In addition, as we introduce new products, we expect to build our inventory of components and finished goods in advance of sales, which may cause quarterly and annual fluctuations in our results of operations.

Competition

Our industry is intensely competitive, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. Our most significant competitors are large, well-capitalized companies. We must continue to successfully compete considering our competitors' existing and future products and related pricing and their resources to successfully market to the physicians who could use our products. Publication of clinical results by us, our competitors and other third parties can also have a significant influence on whether, and the degree to which, we are able to gain market share and increase utilization of our products.

COVID-19 Pandemic

The markets we serve could see continued impacts from COVID-19 for the foreseeable future, and the emergence of new variants of COVID-19 creates significant uncertainty as to how long COVID-19 will continue to impact our business. The magnitude of the impact of the COVID-19 pandemic on our productivity, results of operations and financial position, and its disruption to our business and our clinical programs and timelines, will depend, in part, on the length and severity of outbreaks, restrictions and other measures designed to prevent the spread of COVID-19 and on our ability to conduct business in the ordinary course.

Global Supply Chain Disruption

Our costs are subject to fluctuations, particularly due to change in the price of raw and packing materials and the cost of labor, transportation and operating supplies. In addition, it is possible that we may be negatively affected from unexpected delays resulting from global supply-chain disruptions and other adverse global conditions, including supply shortages of key electronic components and other raw materials, vendor disruptions related to COVID-19, extended lead times for raw material procurement, or geopolitical factors that could restrict the manufacturing and delivery of raw materials or other components.

Variability in Operating Results

In addition, we may experience meaningful variability in our yearly revenue and gross profit/loss as a result of a number of factors, including, but not limited to: inventory write-offs and write-downs; costs, benefits and timing of new product introductions; the availability and cost of components and raw materials; fluctuations in foreign currency exchange rates, inflation rates and interest rates; and our ability to realize the benefits of our recent corporate restructuring. Additionally, we may experience quarters in which our costs and operating expenses, in particular our research and development expenses, fluctuate depending on the stage and timing of product development.

While certain of these factors may present significant opportunities for us, they also pose significant risks and challenges that we must address. See the section titled "Risk Factors" for more information.

Components of Results of Operations

Revenue

Our revenue consists of: (i) revenue from the sale of our disposable products; (ii) revenue from the sale, rental, or leasing of systems; and (iii) service/other revenue. In the United States and select markets in Western Europe where we have developed a direct selling presence, we install our AcQMap console and workstation with our customer accounts and then generate revenue from the sale of our disposable products to these accounts for use with our system. We also generate revenue from the direct sale of our AcQMap console into hospital accounts as well as revenue through long-term customer commitments on disposable purchases. In addition, we generate revenue under our Distribution Agreement with Medtronic, as Medtronic's exclusive OEM supplier of the left-heart access products sold to Medtronic under the Asset Purchase Agreement. In other international markets, we leverage our partnership with Biotronik to install our AcQMap console and workstation with customer accounts and then generate revenue from Biotronik's sale of our disposable products to these accounts for use with our system. Our currently marketed disposable products include access sheaths, diagnostic and mapping catheters, ablation catheters and accessories.

For the three months ended March 31, 2023 and 2022, approximately 46% and 45%, respectively, of our sales were sold outside of the United States. Additionally, for the three months ended March 31, 2023 and 2022, approximately 21% and 24% of our sales were denominated in currencies other than U.S. dollars, primarily in Euros and the British Pound Sterling. Our revenue is subject to fluctuation based on the foreign currency in which our products are sold.

Costs and Operating Expenses

Cost of Products Sold

Cost of products sold consist primarily of raw materials, direct labor, manufacturing overhead associated with the production and sale of our disposable products and, to a more limited extent, production and depreciation of our AcQMap console and workstation that we install with our customer accounts. We depreciate equipment over a three-year period. Cost of products sold also includes expenditures for warranty, field service, freight, royalties and inventory reserve provisions. We expect cost of products sold to increase in absolute dollars in future periods as our revenue increases.

Research and Development Expenses

Research and development expenses consist primarily of salaries and employee-related costs (including stock-based compensation) for personnel directly engaged in research and development activities, clinical trial expenses, equipment costs, materials costs, allocated rent and facilities costs and depreciation.

Research and development expenses related to possible future products are expensed as incurred. We also accrue and expense costs for activities associated with clinical trials performed by third parties as incurred. All other costs relative to setting up clinical trial sites are expensed as incurred. Clinical trial site costs related to patient enrollment are accrued as patients are entered into the trials.

To align resources with our current strategic direction, we implemented an organizational workforce reduction and other cost reduction measures. Due to this strategic realignment, we expect our research and development expenses to moderate in absolute dollars in the upcoming years.

Selling, General and Administrative Expenses

SG&A expenses consist primarily of salaries and employee-related costs (including stock-based compensation) for personnel in sales, executive, finance and other administrative functions, allocated rent and facilities costs, legal fees relating to intellectual property and corporate matters, professional fees for accounting and consulting services, marketing costs and insurance costs.

To align resources with our current strategic direction, we implemented an organizational workforce reduction and are implementing additional cost reduction measures. Due to this on-going strategic realignment, we expect our SG&A expenses to decrease in absolute dollars in the upcoming years.

Goodwill Impairment

During the year ended December 31, 2022, our management assessed qualitative factors and determined it was more likely than not that the fair value of the goodwill was less than its carrying amount. In performing a quantitative impairment test, we determined that goodwill was fully impaired. Consequently, a one-time expense was recorded to goodwill impairment reflecting the elimination of goodwill from the consolidated balance sheets.

Restructuring Expenses

In 2022 we undertook an organizational workforce reduction and have implemented additional cost reduction measures. Our restructuring expenses consist of severance expenses related to employees affected by the organizational workforce reduction.

Change in Fair Value of Contingent Consideration

The change in fair value of contingent consideration relates to our June 2019 acquisition of Rhythm Xience. The acquisition included potential earn-out considerations based on the achievement of certain regulatory and revenue milestones. The value of such contingencies is estimated and recorded on the consolidated balance sheets and are adjusted to fair value each period with increases and decreases of in the estimated fair value of the contingent consideration earn-out recognized in the statement of operations and comprehensive loss.

Gain on Sale of Business

Gain on sale of business consists of the value of consideration received by us in excess of the book value of assets transferred to the buyer and net of direct selling costs. In 2022, we completed the First Closing of the sale of certain assets to Medtronic whereby the value received was in excess of the book value of the assets transferred, resulting in a recognized gain of \$79.5 million. Gain on sale of business also consists of consideration contingent upon the satisfaction of certain contractual conditions. Associated with the sale and included in the above recognized gain, in 2022, we achieved both an OEM Earnout entitling us to \$20.0 million in contingent consideration and a Transfer Earnout entitling us to \$17.0 million.

Additionally, over the next four years, we expect to receive a percentage of Medtronic's quarterly commercial sales of our product related to the sale of business, ranging from 100% in the first year to 50% in the fourth year. In 2023, we have recognized an estimated gain of \$1.2 million related to the net sales earn-outs. Refer to *Note 3 - Sale of Business* for more information.

Other Income (Expense)

Change in Fair Value of Warrant Liability

Warrants meeting specific conditions are required to be recorded as liabilities at fair value on the consolidated balance sheets. We issued warrants associated with various recorded transactions, some of which meet these specific conditions. The change in fair value of warrant liability recorded on our consolidated results of operations and comprehensive loss reflect changes in the fair value of these recorded liabilities.

Under the terms of our 2022 Credit Agreement effective June 30, 2022, we issued warrants meeting the conditions for treatment as a liability. The recorded fair value of the liability associated with such warrants is adjusted each reporting period with an entry to the condensed consolidated statements of operations and comprehensive loss. Refer to *Note 13 - Warrants* for more information.

Interest Income

Interest income consists primarily of interest earned on our cash, cash equivalents and marketable securities.

Interest Expense

Interest expense for the three months ended March 31, 2023 primarily relates to interest paid on our 2022 Credit Agreement. Refer to *Note 10 - Debt* for more information.

Results of Operations for the Three Months Ended March 31, 2023 and 2022

The results of operations presented below should be reviewed in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this quarterly report on Form 10-Q. The following table sets forth our results of operations for the three months ended March 31, 2023 and 2022:

(dollars in thousands)	Three Months Ended March 31,		Change	
	2023	2022	\$	%
	(unaudited)			
Revenue⁽¹⁾	\$ 4,170	\$ 3,681	\$ 489	13 %
Costs of products sold⁽²⁾	6,790	6,941	(151)	(2)%
Gross profit	(2,620)	(3,260)	640	(20)%
Operating (income) expenses:				
Research and development ⁽²⁾	6,117	8,003	(1,886)	(24)%
Selling, general and administrative ⁽²⁾	9,565	14,385	(4,820)	(34)%
Goodwill impairment	—	12,026	(12,026)	(100)%
Restructuring	12	949	(937)	(99)%
Change in fair value of contingent consideration	200	7	193	2757 %
Gain on sale of business	(1,207)	—	(1,207)	100%
Operating (income) expenses	14,687	35,370	(20,683)	(58)%
Loss from operations	(17,307)	(38,630)	21,323	(55)%
Other income (expense):				
Change in fair value of warrant liability	1,446	—	1,446	100%
Interest income	853	24	829	3454 %
Interest expense	(1,307)	(1,411)	104	(7)%
Total other income (expense), net	992	(1,387)	2,379	(172)%
Loss before income taxes	\$ (16,315)	\$ (40,017)	\$ 23,702	(59)%
Income tax benefit	\$ —	\$ —	\$ —	*
Net loss	\$ (16,315)	\$ (40,017)	\$ 23,702	(59)%
Other comprehensive income (loss)				
Unrealized gain (loss) on marketable securities	12	(57)	69	(121)%
Foreign currency translation adjustment	59	(166)	225	(136)%
Comprehensive loss	\$ (16,244)	\$ (40,240)	\$ 23,996	(60)%

* - Not meaningful

(1) The following table sets forth our revenue for disposables, systems, and service/other for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Disposables	\$ 3,426	\$ 3,211
Systems	—	—
Service/Other	744	470
Total revenue	\$ 4,170	\$ 3,681

The following table provides revenue by geographic location for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
United States	\$ 2,248	\$ 2,023
Outside the United States	1,922	1,658
Total revenue	<u>\$ 4,170</u>	<u>\$ 3,681</u>

(2) The following table sets forth the stock-based compensation expense included in our results of operations for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Cost of products sold	\$ 74	\$ 226
Research and development	346	514
Selling, general and administrative	1,484	2,292
Total stock-based compensation	<u>\$ 1,904</u>	<u>\$ 3,032</u>

Revenue

Revenue was \$4.2 million for the three months ended March 31, 2023, compared to \$3.7 million for the three months ended March 31, 2022. This increase of \$0.5 million, or 13%, was primarily attributable to an increase in the volume of disposable sales outside of the U.S. and sales from left-heart access products through our partner Medtronic.

Costs and Operating Expenses

Cost of Products Sold

Cost of products sold was \$6.8 million for the three months ended March 31, 2023, compared to \$6.9 million for the three months ended March 31, 2022. This decrease of \$0.1 million, or 2%, was primarily attributable to improvements in manufacturing efficiencies. Gross margin was negative 63% for the three months ended March 31, 2023, and negative 89% for the three months ended March 31, 2022.

Research and Development Expenses

Research and development expenses were \$6.1 million for the three months ended March 31, 2023, compared to \$8.0 million for the three months ended March 31, 2022. This decrease of \$1.9 million, or 24%, was primarily attributable to the decrease in project related spend and compensation and related costs as a result of an organizational realignment and reduction in workforce completed in 2022.

Selling, General and Administrative Expenses

SG&A expenses were \$9.6 million for the three months ended March 31, 2023, as compared to \$14.4 million for the three months ended March 31, 2022. This decrease of \$4.8 million, or 34%, was primarily attributable to a decrease in compensation and related costs as a result of the reduction in workforce completed in 2022.

Goodwill Impairment

Goodwill impairment expense was \$12.0 million for the three months ended March 31, 2022, which consisted of a full impairment of our goodwill balance.

Restructuring

Restructuring expenses were less than \$0.1 million for the three months ended March 31, 2023, as compared to \$0.9 million for the three months ended March 31, 2022. This decrease of \$0.9 million is entirely due to the reduction in workforce which was completed in 2022.

Change in Fair Value of Contingent Consideration

For the three months ended March 31, 2023 and 2022, we recorded an increase of \$0.2 million and less than \$0.1 million, respectively, for the change in the fair value of the contingent consideration for the acquisition of Rhythm Xience. The increase in change in fair value recorded during the three months ended March 31, 2023 was primarily attributable to an increase in the expected term of the contingent considerations.

Gain on Sale of Business

During the three months ended March 31, 2023, the Company recognized an estimated gain on sale of \$1.2 million related to Medtronic's left-heart access net sales earn-outs.

Change in Fair Value of Warrant Liability

For the three months ended March 31, 2023 the fair value decreased by \$1.4 million. The change in fair value of the warrants is primarily due to a reduction of the Company's share price as of March 31, 2023.

Other Income (Expense), Net

Other income, net was \$1.0 million for the three months ended March 31, 2023, compared to other expense, net of \$1.4 million for the three months ended March 31, 2022. This increase of \$2.4 million was primarily attributable to a decrease in warrant fair value of \$1.4 million, an increase in interest income of \$0.8 million, and lower interest expense of \$0.1 million.

Liquidity, Capital Resources, and Going Concern

We have limited revenue, have incurred significant operating losses and negative cash flows from operations since our inception, and anticipate that we will incur significant losses for at least the next several years. As of March 31, 2023, and December 31, 2022, we had cash, cash equivalents, restricted cash and marketable securities of \$76.7 million and \$76.2 million, respectively. For the three months ended March 31, 2023 and 2022, net losses were \$16.3 million and \$40.0 million, respectively, and net cash used in operating activities was \$16.5 million and \$27.6 million, respectively. As of March 31, 2023, and December 31, 2022, we had an accumulated deficit of \$534.6 million and \$518.3 million, respectively, and working capital of \$84.7 million and \$98.0 million, respectively.

Since raising \$166.3 million from our initial public offering in August 2020, we have issued additional shares of common stock. From time to time, our Board of Directors authorizes the issuance of common stock for our stock-based compensation plans and for our ESPP. Additionally, in July 2021, we issued 6,325,000 shares of common stock in a public offering, which included 825,000 shares of common stock issued upon the underwriter's exercise in full of an option to purchase additional shares of common stock. The price to the public for each share was \$14.00. We received gross proceeds of \$88.6 million from the offering. Net of underwriting discounts and commission and other offering expenses, we received proceeds of \$82.7 million.

On June 30, 2022, Medtronic paid us \$50.0 million at the First Closing of the sale of our left-heart access portfolio to Medtronic, of which \$4.0 million was paid into an indemnity escrow account for a period of 18 months following the First Closing to secure our indemnification obligations under the Asset Purchase Agreement. We achieved a \$20.0 million OEM Earnout as set forth in the Asset Purchase Agreement on October 31, 2022, which was paid to us in the fourth quarter of 2022. Additionally, we achieved a \$17.0 million Transfer Earnout as set forth under the Asset Purchase Agreement on December 21, 2022. Accordingly, \$17.0 million was recorded as a receivable for the year ended December 31, 2022 and payment was received in January 2023.

Management believes our current cash, cash equivalents and marketable securities are sufficient to fund operations for at least the next 12 months. To ensure that we have sufficient resources to fund operations, management continues to review cost improvement opportunities and pathways to reduce expenses and cash burn, while preserving the resources to invest in future growth.

In the future, we may need to raise additional funds through the issuance of debt and/or equity securities or otherwise. Until such time, if ever, that we can generate revenue sufficient to achieve profitability, we expect to finance our operations through equity or debt financings, which may not be available to us on the timing needed or on terms that we deem to be favorable. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making acquisitions or capital expenditures or declaring dividends. If we are unable to maintain sufficient financial resources, our

business, financial condition, and results of operations will be materially and adversely affected. We may be required to delay, limit, reduce or terminate our product discovery and development activities or future commercialization efforts.

Our future liquidity and capital funding requirements will depend on numerous factors, including:

- our revenue growth;
- our research and development efforts;
- our sales and marketing activities;
- our success in leveraging our strategic partnerships, including with Biotronik, as well as entrance into any other strategic partnerships or strategic transactions in the future;
- Medtronic’s success in selling Products following the achievement of the OEM Earnout;
- our ability to raise additional funds to finance our operations;
- the outcome, costs and timing of any clinical trial results for our current or future products;
- the emergence and effect of competing or complementary products;
- the availability and amount of reimbursement for procedures using our products;
- our ability to maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- our ability to retain our current employees and the need and ability to hire additional management and sales, scientific and medical personnel;
- the terms and timing of any collaboration, licensing or other arrangements that we have or may establish;
- debt service requirements;
- the extent to which we acquire or invest in businesses, products or technologies; and
- the impact of the COVID-19 pandemic.

Our primary uses of capital are, and we expect will continue to be, investment in our commercial organization and related expenses, clinical research and development services, laboratory and related supplies, legal and other regulatory expenses, general administrative costs and working capital. In addition, we have acquired, and may in the future seek to acquire or invest in, additional businesses, products or technologies that we believe could complement or expand our portfolio, enhance our technical capabilities or otherwise offer growth opportunities. For example, in June 2019, we acquired Rhythm Xience, a medical device company specializing in the design and manufacture of transseptal crossing and steerable introducer systems, for \$3.0 million in cash. The cash payment did not include a potential \$17.0 million in earn out consideration to be paid based on the achievement of certain regulatory and revenue milestones. In February 2020, we issued to the former owners of Rhythm Xience 119,993 shares of our Series D convertible preferred stock and paid them \$2.5 million in the first quarter of 2020, and an additional \$3.4 million and \$1.3 million in 2021 and 2022, respectively, in connection with the regulatory and revenue milestones earned to date. No payments were made to Rhythm Xience during the three months ended March 31, 2023. In addition, pursuant to a license agreement with Biotronik, we paid Biotronik a \$3.0 million upfront fee at the time the agreement was signed, as well as a technology transfer fee consisting of \$7.0 million in cash in December 2019 and \$5.0 million in shares of our Series D convertible preferred stock in February 2020. We are required to pay Biotronik and VascoMed GmbH (the “Biotronik Parties”) up to \$10.0 million, of which \$2.0 million has been paid as of March 31, 2023, upon the achievement of various regulatory and sales-related milestones, as well as unit-based royalties on any sales of Force Sensing Catheters. We also incur costs as a public company that we have not previously incurred or have previously incurred at lower rates. In addition, our recent corporate restructuring is intended to reduce our operating expenses and optimize our cash resources. Based on the timing of notifications under the WARN Act, we started realizing the benefits of our restructuring plan beginning late in the first quarter of 2022; however, there can be no assurance that we will realize the benefits of the restructuring on the anticipated timeline, or at all.

Under ASC Subtopic 205-40, *Presentation of Financial Statements—Going Concern*, we have the responsibility to evaluate whether conditions and/or events could raise substantial doubt about our ability to meet our future financial obligations as they become due within one year after the date that the financial statements are issued. Going concern matters are more fully discussed in Note 1, “*Organization and Description of Business – Liquidity, Capital Resources and Going Concern*” of our condensed consolidated financial statements.

Debt Obligations

On June 30, 2022, we entered into the 2022 Credit Agreement with related parties Deerfield Private Design Fund III, L.P. and Deerfield Partners, L.P. The 2022 Credit Agreement provided us with a term loan facility in an aggregate principal amount of \$35.0 million. The 2022 Credit Agreement bears interest at the one-month adjusted term Secured Overnight Financing Rate, with a floor of 2.50% per annum, plus 9.00% per annum. The principal amount of the term loan will be paid in installments with the final principal payment due on June 30, 2027. The 2022 Credit Agreement can be prepaid but is subject to prepayment penalties. The 2022 Credit Agreement provides for final payment fees of an additional \$1.8 million that are due upon prepayment, on the maturity date or upon acceleration. Proceeds from the 2022 Credit Agreement, along with cash on hand, were used to repay the 2019 Credit Agreement and to pay related fees and expenses and for working capital purposes.

The 2022 Credit Agreement contains certain customary negative covenants, including, but not limited to, restrictions on our ability and that of our subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets or enter into transactions with affiliates. The 2022 Credit Agreement provides that, upon the occurrence of certain events of default, our obligations thereunder may be accelerated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to certain other indebtedness, voluntary and involuntary bankruptcy proceedings, certain money judgments, change of control events and other customary events of default. Our obligations under the 2022 Credit Agreement are secured by substantially all of our assets, including our intellectual property.

In connection with entering into the 2022 Credit Agreement, we entered into the 2022 Warrant Purchase Agreement with Deerfield, pursuant to which we issued to Deerfield warrants to purchase up to an aggregate 3,779,018 shares of our common stock, par value \$0.001 per share common stock, at an exercise price of \$1.1114 per warrant share for a period of eight years following the issuance thereof.

Cash Flows

The following table shows a summary of our cash flows for the three months ended March 31, 2023 and 2022 (in thousands):

	Three Months Ended March 31,	
	2023	2022
	(unaudited)	
Net cash used in operating activities	\$ (16,515)	\$ (27,609)
Net cash provided by investing activities	15,249	15,999
Net cash used in financing activities	(213)	(42)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	8	(100)
Net change in cash, cash equivalents and restricted cash	<u>\$ (1,471)</u>	<u>\$ (11,752)</u>

Operating Activities

During the three months ended March 31, 2023, operating activities used \$16.5 million of cash, an increase of \$11.1 million from the three months ended March 31, 2022. This increase was attributable to favorable changes in operating assets and liabilities of \$4.3 million and lower net losses of \$23.7 million, offset by a decrease in non-cash items and reclasses of \$16.9 million. The favorable changes in operating assets and liabilities was primarily due to the \$2.1 million Employee Retention Credit receivable refunded in March 2023. The changes in non-cash items and reclasses compared to the prior period were primarily due to the gain on sale of business of \$1.2 million, reduced stock-based compensation expense of \$1.1 million, and a decrease in the change in fair value of contingent consideration of \$1.4 million in the current period, offset by the goodwill impairment charge of \$12.0 million recognized during the three months ended March 31, 2022.

Investing Activities

During the three months ended March 31, 2023, investing activities provided \$15.2 million of cash, a decrease of \$0.8 million from the three months ended March 31, 2022. This decrease was attributable to an increase in purchases of marketable securities of \$28.0 million compared to the prior period and a decrease in the sales of marketable securities of \$2.5 million compared to the prior period. This decrease was offset by the \$17.0 million Transfer Earnout payment received from Medtronic in January 2023, an increase in the maturities of marketable securities of \$11.9 million compared to the prior period and a decrease in purchase of property and equipment of \$0.9 million compared to the prior period.

Financing Activities

During the three months ended March 31, 2023, financing activities used \$0.2 million of cash, an increase of \$0.2 million from the three months ended March 31, 2022. This increase is primarily attributable to a 100% decrease in proceeds from the 2020 ESPP compared to the prior period because the Company amended its ESPP offering periods for those beginning after the January 31, 2022 purchase. As a result, the first purchase date of 2023 will occur on May 14, 2023.

Contractual Obligations and Commitments

We enter into agreements in the normal course of business with contract research organizations for clinical trials and with vendors for preclinical trials and other services and products for operating purposes which are cancellable at any time by us, generally upon 30 days prior written notice.

Further, the agreement to acquire Rhythm Xience requires us to pay the former owners of Rhythm Xience up to \$17.0 million in earn-out consideration based on the achievement of certain regulatory and revenue milestones. In February 2020, we issued to the former owners of Rhythm Xience 119,993 shares of our Series D convertible preferred stock valued at \$2.2 million and paid them \$2.5 million in the first quarter of 2020, an additional \$3.4 million and \$1.3 million in 2021 and 2022, respectively, in connection with the regulatory and revenue milestones earned to date. No payments were made to Rhythm Xience during the three months ended March 31, 2023. In addition, pursuant to a license agreement with Biotronik, we issued to Biotronik \$5.0 million in shares of our Series D convertible preferred stock in February 2020, and we are required to pay the Biotronik Parties up to \$10.0 million, of which \$2.0 million has been paid as of March 31, 2023, upon the achievement of various regulatory and sales-related milestones, as well as unit-based royalties on any sales of Force Sensing Catheters.

Off-Balance Sheet Arrangements

As of March 31, 2023 and December 31, 2022, we did not have, and we do not currently have, any off-balance sheet arrangements, as defined in the SEC rules and regulations.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates and assumptions for the reported amounts of assets, liabilities, revenue and expenses. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material.

During the three months ended March 31, 2023, there have been no material changes to our critical accounting policies and estimates from those disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our annual report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 24, 2023.

Our significant accounting policies are described in *Note 2 - Summary of Significant Accounting Policies* to our condensed consolidated financial statements.

Recent Accounting Pronouncements

See *Note 2 - Summary of Significant Accounting Policies* to our condensed consolidated financial statements for a description of recent accounting pronouncements applicable to our condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide the information required by this item.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

With respect to the quarter ended March 31, 2023, under the supervision and with the participation of our management, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer has concluded that our disclosure controls and procedures are effective. Management does not expect that our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

Changes in Internal Control over Financial Reporting:

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2023 which 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 are involved in legal proceedings, including litigation arising from the normal course of our business activities. We have also received, and may from time to time receive, letters from third parties alleging patent infringement, violation of employment practices or trademark infringement, and we may in the future participate in litigation to defend ourselves. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors. Other than the matters listed below, we are not currently party to any pending legal proceedings that we believe would, individually or in the aggregate, have a material adverse effect on our financial condition, cash flows or results of operations.

We and certain of our current and former officers have been named as defendants in two putative securities class action lawsuits filed by stockholders in the United States District Court for the Southern District of California on February 15, 2022 and March 23, 2022. Plaintiffs allege violations of Section 10(b) of the Exchange Act and Rule 10b-5, and Section 20(a) of the Exchange Act. The complaints allege that the defendants made false and misleading statements about our business, prospects and operations. The putative claims are based upon statements made in filings made by us with the SEC, press releases and on earnings calls between May 13, 2021 and November 11, 2021. The lawsuits seek, among other relief, a determination that the alleged claims may be asserted on a class-wide basis, unspecified compensatory damages, attorney's fees, other expenses and costs. On July 19, 2022, the court consolidated the two actions, appointed a lead plaintiff and appointed lead counsel for the proposed class. On September 16, 2022, the lead plaintiff filed a consolidated amended complaint. We thereafter filed a motion to dismiss.

Due to the complex nature of the legal and factual issues involved in these class action matters, the outcome is not presently determinable. If these matters were to proceed beyond the pleading stage, we could be required to incur substantial costs and expenses to defend these matters and/or be required to pay substantial damages or settlement costs, which could materially adversely affect our business, financial condition and results of operations.

Item 1A. Risk Factors

As of the date of this Quarterly Report on Form 10-Q, there have been no material changes from the risk factors disclosed in our annual report on Form 10-K for the year ended December 31, 2022, as filed with the SEC on March 24, 2023. Any of these factors could result in a significant or material adverse effect on our result of operations or financial conditions. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

Item 2. Recent Sales of Unregistered Securities.

On June 30, 2022, in connection with entering into the 2022 Credit Agreement, we entered into the 2022 Warrant Purchase Agreement with the lenders under the 2022 Credit Agreement (the "Lenders"), pursuant to which we issued to the Lenders warrants to purchase up to an aggregate 3,779,018 shares (the "2022 Warrant Shares") of our common stock, par value \$0.001 per share, at an exercise price of \$1.1114 per 2022 Warrant Share for a period of eight years following the issuance thereof, on and subject to the terms and conditions set forth in the warrants evidencing such rights.

The 2022 Warrants are exercisable on a cash or cashless (net exercise) basis, and are subject to a 4.9% beneficial ownership limitation, as well as certain other customary anti-dilution adjustments upon the occurrence of certain events such as stock splits, subdivisions, reclassifications or combinations of common stock. Upon the consummation of a "Major Transaction" (as defined in the 2022 Warrants), holders of the 2022 Warrants may elect to (i) have their 2022 Warrants redeemed by us for an amount equal to the Black-Scholes value of such warrant, in cash or, if applicable, in the form of the consideration paid to our stockholders in a Major Transaction (i.e. securities or other property of the buyer), or (ii) have such 2022 Warrants be assumed by the successor to us in a Major Transaction, if applicable. Holders of the 2022 Warrants are also entitled to participate in any dividends or distributions to holders of common stock at the time such dividends or distributions are paid to such stockholders.

The 2022 Warrants and 2022 Warrant Shares issuable thereunder have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and were issued in a private placement pursuant to Section 4(a)(2) thereof. We relied on this exemption from registration based in part on representations made by the Lenders in the 2022 Warrant Purchase Agreement, including representations that each Lender was an "accredited investor" as defined in Regulation D of the Securities Act.

The Warrant Purchase Agreement contains customary representations, warranties, and covenants made by us and the Lenders. Pursuant to the Warrant Purchase Agreement, we have agreed to indemnify the Lenders for losses arising from certain breaches

of the Warrant Purchase Agreement, the 2022 Warrants and the registration rights agreement entered into in connection with the Warrant Purchase Agreement.

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation	8-K	001-39430	3.1	August 10, 2020	
3.2	Amended and Restated Bylaws	8-K	001-39430	3.2	August 10, 2020	
3.3	Certificate of Designation of Preferences, Rights and Limitations of the Series A Common Equivalent Preferred Stock, par value \$0.001 per share, of the Company.	8-K	001-39430	3.1	August 23, 2021	
10.1+	Employment Agreement by and between Acutus Medical, Inc. and Tom Sohn, dated August 5, 2020					X
10.2+	Employment Agreement by and between Acutus Medical, Inc. and Charlie Piscitello, dated August 5, 2020					X
10.3+	Employment Agreement by and between Acutus Medical, Inc. and Kevin Matthews, dated May 1, 2022					X
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101	The following financial information from the Company’s Quarterly Report on Form 10-Q for the period ended March 31, 2023, formatted in Inline Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) the Condensed Consolidated Statements of Stockholders’ Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to the Condensed Consolidated Financial Statements (filed herewith).					
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					

** The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act, except to the extent that the registrant specifically incorporates them by reference.

+ Indicates management contract or compensatory plan.

SIGNATURES

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

Acutus Medical, Inc.
(Registrant)

Date: May 11, 2023

By: /s/ David H. Roman

David H. Roman
President, Chief Executive Officer and Director
(Principal Executive Officer)

Date: May 11, 2023

By: /s/ Takeo Mukai

Takeo Mukai
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

This **Employment Agreement** (this “**Agreement**”) is made by and amongst **Acutus Medical, Inc.** (the “**Company**”), having its principal offices at 2210 Faraday Ave., Suite 100 Carlsbad, CA 92008, and Tom Sohn (the “**Executive**”), effective as of August 5, 2020 (the “**Effective Date**”).

Whereas, the Company desires to employ the Executive in the position of Senior Vice President, General Counsel of the Company; and

Whereas, the Executive desires to be employed by the Company as its Senior Vice President, General Counsel.

Now Therefore, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) “**Annual Base Salary**” shall mean the Executive’s rate of regular annual base salary (for the avoidance of doubt, prior to any reduction under a salary reduction agreement pursuant to Section 401(k) or Section 125 of the Code); provided that for purposes of Section 5, Annual Base Salary shall mean the Executive’s rate of regular annual base salary as in effect immediately prior to the Executive’s Qualifying Termination (or if the termination is due to a resignation for Good Reason based on a material reduction in annual base compensation, then the Executive’s annual base salary in effect immediately prior to the reduction) or, if the Executive’s Qualifying Termination is a Qualifying CIC Termination and the amount is greater, at the level in effect immediately prior to the Change in Control.

(b) “**Board**” shall mean the Board of Directors of the Company.

(c) “**Cause**” shall mean any of the following: (i) the Executive’s continued failure to perform the Executive’s employment duties after the Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company’s belief that the Executive has not substantially performed the Executive’s duties and has failed to cure such non-performance to the Company’s reasonable satisfaction within ten (10) business days after receiving such notice; (ii) the Executive’s engaging in any act of dishonesty, fraud, misrepresentation, embezzlement or gross misconduct that is or would reasonably be expected to be injurious in a material respect to the Company Group; (iii) the Executive’s violation of any federal or state law or regulation applicable to the business of the Company Group; (iv) the Executive’s breach of any material obligations under any written agreement or covenant with any member of the Company Group; (v) the Executive’s being convicted of, or entering a plea of *nolo contendere* to, any felony or committing any act of moral turpitude; or (vi) the Executive’s material violation of the written policies or codes of conduct of the Company Group, including policies related to discrimination, harassment, performance of illegal or unethical activities, and ethical misconduct, that is or would reasonably be expected to be injurious in a material respect to the Company Group.

(d) “**Change in Control**” shall have the meaning ascribed to it in the Company’s 2011 Equity Incentive Plan, as it may be amended from time to time.

(e) **“Change in Control Period”** shall mean the period commencing ninety (90) days prior to the effective date of a Change in Control and ending twelve (12) months following the effective date a Change in Control.

(f) **“COBRA”** shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as well as any state law of similar effect.

(g) **“Code”** shall mean the Internal Revenue Code of 1986, as amended, and, as applicable, Treasury Regulations promulgated thereunder.

(h) **“Company Group”** shall mean the Company and its subsidiaries.

(i) **“Confidential Information Agreement”** shall mean the At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement that the Executive has entered or is required to enter into with the Company in connection with the Executive’s employment with the Company.

(j) **“Date of Termination”** shall mean the date of the termination of the Executive’s employment.

(k) **“Disability”** shall mean the Executive’s disability within the meaning of Treasury Regulation Section 1.409A-3(i)(4)(i).

(l) **“Good Reason”** shall mean the Executive’s resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without the Executive’s written consent: (i) a material reduction of the Executive’s authority, duties or responsibilities relative to the Executive’s duties, authorities, or responsibilities in effect immediately prior to the reduction; provided, however, that continued employment following a Change in Control with substantially the same duties, authorities, or responsibilities with respect to the Company Group’s business and operations will not constitute “Good Reason” (for example, “Good Reason” does not exist if the Executive is employed by the Company Group or a successor with substantially the same duties, authorities, or responsibilities with respect to the Company Group’s business that the Executive had immediately prior to the Change in Control regardless of whether the Executive’s title is revised to reflect the Executive’s placement within the overall corporate hierarchy or whether the Executive provides services to a subsidiary, affiliate, business unit or otherwise); (ii) a reduction by a Company Group member of more than ten percent (10%) in the Executive’s annual rate of base cash compensation as in effect immediately prior to such reduction, provided, however, that, a reduction of annual base compensation that also applies to substantially all other similarly situated employees of the Company Group members will not constitute “Good Reason”; or (iii) a material change in the geographic location of the Executive’s primary work facility or location; provided, that a relocation of less than fifty (50) miles from the Executive’s then-present location will not be considered a material change in geographic location. The Executive may not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a reasonable cure period of thirty (30) days following the date the Company receives such notice during which such condition must not have been cured.

(m) **“Qualifying Pre-CIC Termination”** shall mean a Qualifying CIC Termination that occurs prior to the date of the Change in Control.

(n) **“Qualifying Termination”** shall mean a termination of the Executive’s employment either (i) by a Company Group member without Cause (excluding by reason of

Executive's death or Disability) or (ii) by the Executive for Good Reason, in either case, during the Change in Control Period (a "**Qualifying CIC Termination**") or outside of the Change in Control Period (a "**Qualifying Non-CIC Termination**").

2. **Term of this Agreement.** The term of this Agreement shall commence upon the Effective Date and shall continue until the termination of the Executive's employment (the "**Term**").

3. **Duties; Scope of Employment; Compensation and Benefits.**

(a) **Position and Duties.** As of the Effective Date, the Company shall employ the Executive in the position of Senior Vice President, General Counsel of the Company. During the Term, the Executive will perform the Executive's duties faithfully and to the best of the Executive's ability, and will devote substantially all of the Executive's business efforts and time to the Company. The Executive agrees not to actively engage in any other employment, occupation or consulting activity during the Term for any direct or indirect remuneration without the prior approval of the Board.

(b) **Annual Base Salary.** During the Term, the Company shall pay the Executive an Annual Base Salary of \$330,000 as compensation for the Executive's services. The Annual Base Salary amount shall be subject to review and may be adjusted based upon the Company's normal performance review practices. The Annual Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholdings.

(c) **Bonus.** The Executive's annual target bonus opportunity shall be 50% of the Executive's Annual Base Salary (the "**Target Bonus**"). The Target Bonus amount shall be subject to review and may be adjusted based upon the Company's normal performance review practices. The Executive's actual annual bonus earned shall be determined based on the Executive's performance, the achievement of target objectives for the Company, the Company Group or any business unit thereof and such other terms to be determined by the Board in its sole discretion. Any such annual bonus that is earned will be paid, less applicable withholdings, no later than the payroll period after the Board determines that such annual bonus has been earned, but in no event shall such earned annual bonus be paid after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company's fiscal year in which the annual bonus is earned or (ii) March 15 following the calendar year in which the annual bonus is earned.

(d) **Employee Benefits.** During the Term, the Executive and the Executive's dependents, if applicable, shall be eligible to participate in the employee benefit plans and programs currently and hereafter sponsored by the Company on the same terms and conditions generally applicable to similarly situated executives of the Company. The Company reserves the right to cancel or change the employee benefit plans and programs it offers to its employees at any time.

(e) **Equity Plans.** The Executive shall be eligible to participate in any stock option, restricted stock, stock appreciation rights, or any other equity compensation plan or program sponsored by the Company or another member of the Company Group on the terms and conditions determined by the Board in its sole discretion.

(f) **Expenses.** Subject to Section 7(d)(v), the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties hereunder, in accordance with the applicable policy of the Company, as in effect from time to time.

(g) **Paid Time Off.** The Executive shall be entitled to paid time off in accordance with the Company's paid time off policy, as in effect from time to time.

4. **At-Will Employment.** The parties agree that the Executive's employment with the Company will be "at-will" employment and may be terminated at any time with or without cause or notice. The Executive understands and agrees that neither the Executive's job performance nor promotions, commendations, bonuses, or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of the Executive's employment with the Company. However, as described in this Agreement, the Executive may be entitled to severance benefits depending on the circumstances of the termination of the Executive's employment with the Company.

5. **Severance Benefits.**

(a) **Qualifying Non-CIC Termination.** On a Qualifying Non-CIC Termination (as defined below), the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment equal to nine (9) months of the Executive's Annual Base Salary, less applicable withholdings (if applicable, such total number of months, the "Severance Period").

(ii) **COBRA Coverage.** Subject to Section 5(d), the Company will pay the premiums for coverage under COBRA for the Executive and the Executive's eligible dependents, if any, at the rates then in effect, subject to any subsequent changes in rates that are generally applicable to the Company's active employees (the "**COBRA Coverage**"), beginning with the first month to begin after the date of the Executive's Qualifying Termination and ending with the month including the earlier of: (A) the nine (9) month anniversary of the Executive's Qualifying Termination, (B) the date upon which the Executive (and the Executive's eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.

(b) **Qualifying CIC Termination.** On a Qualifying CIC Termination, the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment, less applicable withholdings, equal to twelve (12) months of the Executive's Annual Base Salary (if applicable, such total number of months, the "**Severance Period**").

(ii) **Bonus Severance.** A single, lump sum payment, less applicable withholdings, equal to 100% of the Executive's Target Bonus as in effect for the fiscal year in which the Qualifying CIC Termination occurs.

(iii) **COBRA Coverage.** Subject to Section 5(d), the Company will pay the premiums for applicable COBRA Coverage beginning with the first month to begin after the date of the Executive's Qualifying Termination and ending with the month including the earliest of (A) the twelve (12) month anniversary of the Executive's Qualifying Termination, (B) the date upon which the Executive (and the Executive's eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.

(iv) **Equity Vesting Acceleration.** Vesting acceleration (and exercisability, as applicable) as to 100% of the then-unvested shares subject to each of the Executive's then-outstanding Company equity awards subject to only time-based (and not

performance-based) vesting. In the case of equity awards with performance-based vesting, such awards will be treated as set forth in the applicable award agreement. For the avoidance of doubt, in the event of the Executive's Qualifying Pre-CIC Termination, any unvested portion of the Executive's then-outstanding equity awards will remain outstanding until the earlier of (x) ninety (90) days following the Qualifying Termination or (y) the occurrence of a Change in Control, solely so that any benefits due on a Qualifying Pre-CIC Termination can be provided if a Change in Control occurs within the ninety (90) day period following the Qualifying Termination (provided that in no event will the Executive's stock options or similar equity awards remain outstanding beyond the equity award's maximum term to expiration). If no Change in Control occurs within the ninety (90) day period following a Qualifying Termination, any unvested portion of the Executive's equity awards automatically and permanently will be forfeited on the ninetieth (90th) day following the date of the Qualifying Termination without having vested.

(c) Termination Other Than a Qualifying Termination. If the termination of the Executive's employment with the Company Group is not a Qualifying Termination, then the Executive will not be entitled to receive severance or other benefits under this Section 5.

(d) Conditions to Receipt of COBRA Coverage. The Executive's eligibility, if any, for payments of premiums for COBRA Coverage under Section 5(a)(ii) or 5(b)(iii) as applicable is subject to the Executive electing COBRA continuation coverage within the time period prescribed pursuant to COBRA for the Executive and the Executive's eligible dependents, if any. If the Company determines in its sole discretion that it cannot pay premiums for COBRA Coverage without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of any such payments, the Company will provide to the Executive a taxable monthly payment payable on the last day of a given month (except as provided by the immediately following sentence), in an amount equal to the monthly COBRA premium that the Executive would be required to pay to continue his or her group health coverage in effect on the date of his or her Qualifying Termination (which amount will be based on the premium rates applicable for the first month of COBRA Coverage for the Executive and any of eligible dependents of the Executive) (each, a "**COBRA Replacement Payment**"), which COBRA Replacement Payments will be made regardless of whether the Executive elects COBRA continuation coverage and will commence with the month following the termination of employment or, if later, the first month for which the Company determines in its discretion that it cannot pay premiums for COBRA Coverage without incurring the liabilities described above and will end with the month including the earliest of (x) the date upon which the Executive obtains other employment and (y) the last day of the Severance Period beginning on the first day following the Executive's Qualified Termination. For the avoidance of doubt, the COBRA Replacement Payments may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to any applicable withholdings. Notwithstanding anything to the contrary under this Agreement, if the Company determines in its sole discretion at any time that it cannot provide the COBRA Replacement Payments without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Executive will not be entitled to receive any further COBRA Replacement Payments or payments of premiums for COBRA Coverage.

(e) Non-Duplication of Payment or Benefits. For purposes of clarity, in the event of a Qualifying Pre-CIC Termination, any severance payments and benefits to be provided to the Executive under Section 5(b) will be reduced by any amounts provided to the Executive under Section 5(a). Notwithstanding any provision of this Agreement to the contrary, if the Executive is entitled to any cash severance, continued health coverage benefits, or vesting acceleration of any equity awards (other than under this Agreement) by operation of applicable law or under a plan, policy, contract, or arrangement sponsored by or to which any member of the Company Group is a party ("**Other Benefits**"), then the corresponding severance payments

and benefits under this Agreement will be reduced by the amount of Other Benefits paid or provided to the Executive.

(f) Death of the Executive. In the event of the Executive's death before all payments or benefits the Executive is entitled to receive under this Agreement have been provided, the unpaid amounts will be provided to the Executive's designated beneficiary, if living, or otherwise to the Executive's personal representative in a single lump sum as soon as possible following the Executive's death.

6. Accrued Compensation. On any termination of the Executive's employment with the Company Group, the Executive will be entitled to receive any amounts earned, accrued or owing but not yet paid under Section 3 above, and any benefits accrued or earned under the Company's benefits plans and programs.

7. Conditions to Receipt of Severance.

(a) Separation Agreement and Release of Claims. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive signing and not revoking the Company's then-standard separation agreement and release of claims (which may include an agreement not to disparage any member of the Company Group, non-solicit provisions, an agreement to assist in any litigation matters, and other standard terms and conditions in a form reasonably acceptable to the Company) (the "**Release**" and that requirement, the "**Release Requirement**"), which must become effective and irrevocable no later than the sixtieth (60th) day following the Executive's Qualifying Termination (the "**Release Deadline**"). If the Release does not become effective and irrevocable by the Release Deadline, the Executive will forfeit any right to severance payments or benefits under Section 5.

(b) Payment Timing. Any lump sum cash payments under Sections 5(a)(i), 5(b)(i), or 5(b)(ii) will be provided on the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable (the "**Severance Start Date**"), subject to any delay required by Section 7(d) below. Any taxable installments of any COBRA-related severance benefits that otherwise would have been made to the Executive on or before the Severance Start Date will be paid on the Severance Start Date, and any remaining installments thereafter will be provided as specified in the Agreement. Any restricted stock units or similar full value awards that accelerate vesting under Section 5(b)(iv) will be settled (x) on a date no later than ten (10) days following the date the Release becomes effective and irrevocable, or (y) if later, in the event of a Qualifying Pre-CIC Termination, on a date no later than the Change in Control.

(c) Return of Company Property. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive returning all documents and other property provided to the Executive by any member of the Company Group (with the exception of a copy of the Company employee handbook and personnel documents specifically relating to the Executive), developed or obtained by the Executive in connection with his or her employment with the Company Group, or otherwise belonging to the Company Group.

(d) Compliance with Section 409A of the Code.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to the Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code Section 409A, and the final

regulations and any guidance promulgated thereunder (“**Section 409A**”) (together, the “**Deferred Payments**”) will be paid or otherwise provided until the Executive has a “separation from service” within the meaning of Section 409A. Similarly, no severance payable to the Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until the Executive has a “separation from service” within the meaning of Section 409A.

(ii) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following the Executive’s separation from service, or, if later, such time as required by Section 7(d)(iv). Except as required by Section 7(d)(iv), any installment payments that would have been made to the Executive during the sixty (60) day period immediately following the Executive’s separation from service but for the preceding sentence will be paid to the Executive on the sixtieth (60th) day following the Executive’s separation from service and the remaining payments shall be made as provided in this Agreement.

(iii) It is intended that each installment of the payments provided for in this Agreement is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the amounts set forth in this Section 5 satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation 1.409A-1(b)(4) and 1.409A-1(b)(9)(iii), and any amounts paid under this Agreement that qualify under either of such exemptions will not constitute Deferred Payments for purposes of clause (i) above.

(iv) Any provision of this Agreement to the contrary notwithstanding, if, at the time of the Executive’s Date of Termination, the Executive is a “specified employee,” within the meaning of Section 409A of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of his separation from service would be considered nonqualified deferred compensation under Section 409A, such payment or benefit shall be paid or provided at the date which is the earlier of (i) six (6) months and one day after the separation from service and (ii) the date of the Executive’s death (the “**Delay Period**”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7(d) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to the Executive in a lump-sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(v) Any reimbursements provided under this Agreement that constitute deferred compensation within the meaning of Section 409A of the Code shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred; (ii) the amount of expenses eligible for reimbursement in any given calendar year shall not affect the expenses that the Company is obligated to reimburse in any other calendar year, provided that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect; (iii) the Executive’s right to have the Company pay or provide such reimbursements may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company’s obligations to make such reimbursements apply later than the Executive’s remaining lifetime.

(vi) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company reserves the right to amend this Agreement as it considers necessary or advisable, in its sole discretion and without the consent of the Executive or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. In no event will any member of the Company Group reimburse, indemnify, or hold harmless the Executive for any taxes, penalties and interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.

(e) **Resignation of Officer and Director Positions.** The termination of the Executive's employment for any reason will also constitute, without any further required action by the Executive, the Executive's voluntary resignation from all officer and/or director positions held at any member of the Company Group, and at the Board's request, the Executive will execute any documents reasonably necessary to reflect the resignations. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive executing any documents the Company may require in connection with the preceding sentence.

8. **Confidential Information.** The Executive agrees to enter into the Company's standard At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidential Information Agreement**") upon commencing employment hereunder.

9. **Limitation on Payments; Section 280G.**

(a) **Reduction of Severance Benefits.** If any payment or benefit that the Executive would receive from any Company Group member or any other party whether in connection with the provisions in this Agreement or otherwise (the "**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then the total amount of all such Payments will be equal to the Best Results Amount. The "**Best Results Amount**" will be either (x) the full total amount of all such Payments or (y) a lesser amount that would result in no portion of such Payments being subject to the Excise Tax, whichever of those amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the Executive's receipt, on an after-tax basis, of the greater amount. If a reduction in payments or benefits constituting parachute payments is necessary so that the total amount of all such Payments equals the Best Results Amount, reduction will occur in the following order: (A) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first cash payment to be reduced); (B) cancellation of equity awards that were granted "contingent on a change in ownership or control" within the meaning of Section 280G of the Code in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first); (C) reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and (D) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first benefit to be reduced). In no event will the Executive have any discretion with respect to the ordering of Payment reductions. The Executive will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this

Agreement, and the Executive will not be reimbursed, indemnified, or held harmless by any member of the Company Group for any of those payments of personal tax liability.

(b) Determination of Excise Tax Liability. Unless the Company and the Executive otherwise agree in writing, the Company will select a professional services firm (the “*Firm*”) to make all determinations required under this Section 9, which determinations will be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section 9, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive will furnish to the Firm such information and documents as the Firm reasonably may request in order to make determinations under this Section 9. The Company will bear the costs and make all payments for the Firm’s services in connection with any calculations contemplated by this Section 9. The Company will have no liability to the Executive for the determinations of the Firm.

10. Miscellaneous.

(a) No Duty to Mitigate. The Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any payment be reduced by any earnings that the Executive may receive from any other source except as specified in Section 5(e).

(b) Successors. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors, and legal representatives of the Executive upon the Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of the Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance, or other disposition of the Executive’s right to compensation or other benefits will be null and void.

(c) Binding Agreement. This Agreement shall inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive’s estate.

(d) Notices.

(i) General. All notices and other communications required or permitted under this Agreement shall be in writing and will be effectively given (i) upon actual delivery to the party to be notified, (ii) upon transmission by email, (iii) twenty-four (24) hours after confirmed facsimile transmission, (iv) one (1) business day after deposit with a recognized overnight courier, or (v) three (3) business days after deposit with the U.S. Postal Service by first class certified or registered mail, return receipt requested, postage prepaid, addressed (A) if to the Executive, at the address the Executive shall have most recently furnished to the Company in writing, (B) if to the Company, at the following address:

To the Company:

2210 Faraday Ave.
Suite 100
Carlsbad, CA 92008

To the Executive:

Tom Sohn
At the address most recently on file with the Company

(ii) Notice of Termination. Any termination by a Company Group member for Cause will be communicated by a notice of termination to the Executive, and any termination by the Executive for Good Reason will be communicated by a notice of termination to the Company, in each case given in accordance with Section 10(d)(i) of this Agreement. The notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the later of (i) the giving of the notice or (ii) the end of any applicable cure period).

(e) Waiver; Amendments. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(f) Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter of this Agreement, including, for the avoidance of doubt, any other employment letter or agreement, severance policy or program, or equity award agreement.

(g) Applicable Law. This Agreement will be governed by the laws of the State of California without regard to California's conflicts of law rules that may result in the application of the laws of any jurisdiction other than California. To the extent that any lawsuit is permitted under this Agreement, Employee hereby expressly consents to the personal and exclusive jurisdiction and venue of the state and federal courts located in [County?] California for any lawsuit filed against the Executive by the Company.

(h) Arbitration. Any and all controversies, claims, or disputes with anyone under this Agreement (including the Company and any employee, officer, director, stockholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from the Executive's employment with the Company Group, shall be subject to arbitration in accordance with the provisions of the Confidential Information Agreement.

(i) Captions. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(j) Withholding. All payments and benefits under this Agreement will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits all federal, state, local, and/or foreign taxes required to be withheld from the payments or benefits and make any other required payroll deductions. No member of the Company Group will pay the Executive's taxes arising from or relating to any payments or benefits under this Agreement.

(k) Survivorship. The rights and obligations of the Company and the Executive under this Agreement shall survive the expiration of the Term.

(l) Mutual Intent. All parties participated in the drafting of the Agreement, and the language used in this Agreement is the language chosen by the Executive and the Company to express their mutual intent. The parties agree that in the event that any language, section, clause, phrase or word used in the Agreement is determined to be ambiguous, no presumption shall arise against or in favor of either party and that no rule of strict construction shall be applied against either party with respect to such ambiguity.

(m) Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(n) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

[Signature Page Follows]

In Witness Whereof, the parties hereto have executed this Agreement as of the date first written above.

ACUTUS MEDICAL, INC.

By: __

Name: Vince Burgess

Title: President and CEO

EXECUTIVE

Tom Sohn

EMPLOYMENT AGREEMENT

This **Employment Agreement** (this “**Agreement**”) is made by and amongst **Acutus Medical, Inc.** (the “**Company**”), having its principal offices at 2210 Faraday Ave., Suite 100 Carlsbad, CA 92008, and Charlie Piscitello (the “**Executive**”), effective as of August 5, 2020 (the “**Effective Date**”).

Whereas, the Company desires to employ the Executive in the position of Chief People Officer of the Company; and

Whereas, the Executive desires to be employed by the Company as its Chief People Officer.

Now Therefore, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) “**Annual Base Salary**” shall mean the Executive’s rate of regular annual base salary (for the avoidance of doubt, prior to any reduction under a salary reduction agreement pursuant to Section 401(k) or Section 125 of the Code); provided that for purposes of Section 5, Annual Base Salary shall mean the Executive’s rate of regular annual base salary as in effect immediately prior to the Executive’s Qualifying Termination (or if the termination is due to a resignation for Good Reason based on a material reduction in annual base compensation, then the Executive’s annual base salary in effect immediately prior to the reduction) or, if the Executive’s Qualifying Termination is a Qualifying CIC Termination and the amount is greater, at the level in effect immediately prior to the Change in Control.

(b) “**Board**” shall mean the Board of Directors of the Company.

(c) “**Cause**” shall mean any of the following: (i) the Executive’s continued failure to perform the Executive’s employment duties after the Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company’s belief that the Executive has not substantially performed the Executive’s duties and has failed to cure such non-performance to the Company’s reasonable satisfaction within ten (10) business days after receiving such notice; (ii) the Executive’s engaging in any act of dishonesty, fraud, misrepresentation, embezzlement or gross misconduct that is or would reasonably be expected to be injurious in a material respect to the Company Group; (iii) the Executive’s violation of any federal or state law or regulation applicable to the business of the Company Group; (iv) the Executive’s breach of any material obligations under any written agreement or covenant with any member of the Company Group; (v) the Executive’s being convicted of, or entering a plea of *nolo contendere* to, any felony or committing any act of moral turpitude; or (vi) the Executive’s material violation of the written policies or codes of conduct of the Company Group, including policies related to discrimination, harassment, performance of illegal or unethical activities, and ethical misconduct, that is or would reasonably be expected to be injurious in a material respect to the Company Group.

(d) “**Change in Control**” shall have the meaning ascribed to it in the Company’s 2011 Equity Incentive Plan, as it may be amended from time to time.

(e) **“Change in Control Period”** shall mean the period commencing ninety (90) days prior to the effective date of a Change in Control and ending twelve (12) months following the effective date a Change in Control.

(f) **“COBRA”** shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as well as any state law of similar effect.

(g) **“Code”** shall mean the Internal Revenue Code of 1986, as amended, and, as applicable, Treasury Regulations promulgated thereunder.

(h) **“Company Group”** shall mean the Company and its subsidiaries.

(i) **“Confidential Information Agreement”** shall mean the At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement that the Executive has entered or is required to enter into with the Company in connection with the Executive’s employment with the Company.

(j) **“Date of Termination”** shall mean the date of the termination of the Executive’s employment.

(k) **“Disability”** shall mean the Executive’s disability within the meaning of Treasury Regulation Section 1.409A-3(i)(4)(i).

(l) **“Good Reason”** shall mean the Executive’s resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without the Executive’s written consent: (i) a material reduction of the Executive’s authority, duties or responsibilities relative to the Executive’s duties, authorities, or responsibilities in effect immediately prior to the reduction; provided, however, that continued employment following a Change in Control with substantially the same duties, authorities, or responsibilities with respect to the Company Group’s business and operations will not constitute “Good Reason” (for example, “Good Reason” does not exist if the Executive is employed by the Company Group or a successor with substantially the same duties, authorities, or responsibilities with respect to the Company Group’s business that the Executive had immediately prior to the Change in Control regardless of whether the Executive’s title is revised to reflect the Executive’s placement within the overall corporate hierarchy or whether the Executive provides services to a subsidiary, affiliate, business unit or otherwise); (ii) a reduction by a Company Group member of more than ten percent (10%) in the Executive’s annual rate of base cash compensation as in effect immediately prior to such reduction, provided, however, that, a reduction of annual base compensation that also applies to substantially all other similarly situated employees of the Company Group members will not constitute “Good Reason”; or (iii) a material change in the geographic location of the Executive’s primary work facility or location; provided, that a relocation of less than fifty (50) miles from the Executive’s then-present location will not be considered a material change in geographic location. The Executive may not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a reasonable cure period of thirty (30) days following the date the Company receives such notice during which such condition must not have been cured.

(m) **“Qualifying Pre-CIC Termination”** shall mean a Qualifying CIC Termination that occurs prior to the date of the Change in Control.

(n) **“Qualifying Termination”** shall mean a termination of the Executive’s employment either (i) by a Company Group member without Cause (excluding by reason of

Executive's death or Disability) or (ii) by the Executive for Good Reason, in either case, during the Change in Control Period (a "**Qualifying CIC Termination**") or outside of the Change in Control Period (a "**Qualifying Non-CIC Termination**").

2. **Term of this Agreement.** The term of this Agreement shall commence upon the Effective Date and shall continue until the termination of the Executive's employment (the "**Term**").

3. **Duties; Scope of Employment; Compensation and Benefits.**

(a) **Position and Duties.** As of the Effective Date, the Company shall employ the Executive in the position of Chief People Officer of the Company. During the Term, the Executive will perform the Executive's duties faithfully and to the best of the Executive's ability, and will devote substantially all of the Executive's business efforts and time to the Company. The Executive agrees not to actively engage in any other employment, occupation or consulting activity during the Term for any direct or indirect remuneration without the prior approval of the Board.

(b) **Annual Base Salary.** During the Term, the Company shall pay the Executive an Annual Base Salary of \$330,000 as compensation for the Executive's services. The Annual Base Salary amount shall be subject to review and may be adjusted based upon the Company's normal performance review practices. The Annual Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholdings.

(c) **Bonus.** The Executive's annual target bonus opportunity shall be 50% of the Executive's Annual Base Salary (the "**Target Bonus**"). The Target Bonus amount shall be subject to review and may be adjusted based upon the Company's normal performance review practices. The Executive's actual annual bonus earned shall be determined based on the Executive's performance, the achievement of target objectives for the Company, the Company Group or any business unit thereof and such other terms to be determined by the Board in its sole discretion. Any such annual bonus that is earned will be paid, less applicable withholdings, no later than the payroll period after the Board determines that such annual bonus has been earned, but in no event shall such earned annual bonus be paid after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company's fiscal year in which the annual bonus is earned or (ii) March 15 following the calendar year in which the annual bonus is earned.

(d) **Employee Benefits.** During the Term, the Executive and the Executive's dependents, if applicable, shall be eligible to participate in the employee benefit plans and programs currently and hereafter sponsored by the Company on the same terms and conditions generally applicable to similarly situated executives of the Company. The Company reserves the right to cancel or change the employee benefit plans and programs it offers to its employees at any time.

(e) **Equity Plans.** The Executive shall be eligible to participate in any stock option, restricted stock, stock appreciation rights, or any other equity compensation plan or program sponsored by the Company or another member of the Company Group on the terms and conditions determined by the Board in its sole discretion.

(f) **Expenses.** Subject to Section 7(d)(v), the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties hereunder, in accordance with the applicable policy of the Company, as in effect from time to time.

(g) **Paid Time Off.** The Executive shall be entitled to paid time off in accordance with the Company's paid time off policy, as in effect from time to time.

4. **At-Will Employment.** The parties agree that the Executive's employment with the Company will be "at-will" employment and may be terminated at any time with or without cause or notice. The Executive understands and agrees that neither the Executive's job performance nor promotions, commendations, bonuses, or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of the Executive's employment with the Company. However, as described in this Agreement, the Executive may be entitled to severance benefits depending on the circumstances of the termination of the Executive's employment with the Company.

5. **Severance Benefits.**

(a) **Qualifying Non-CIC Termination.** On a Qualifying Non-CIC Termination (as defined below), the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment equal to nine (9) months of the Executive's Annual Base Salary, less applicable withholdings (if applicable, such total number of months, the "Severance Period").

(ii) **COBRA Coverage.** Subject to Section 5(d), the Company will pay the premiums for coverage under COBRA for the Executive and the Executive's eligible dependents, if any, at the rates then in effect, subject to any subsequent changes in rates that are generally applicable to the Company's active employees (the "**COBRA Coverage**"), beginning with the first month to begin after the date of the Executive's Qualifying Termination and ending with the month including the earlier of: (A) the nine (9) month anniversary of the Executive's Qualifying Termination, (B) the date upon which the Executive (and the Executive's eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.

(b) **Qualifying CIC Termination.** On a Qualifying CIC Termination, the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment, less applicable withholdings, equal to twelve (12) months of the Executive's Annual Base Salary (if applicable, such total number of months, the "**Severance Period**").

(ii) **Bonus Severance.** A single, lump sum payment, less applicable withholdings, equal to 100% of the Executive's Target Bonus as in effect for the fiscal year in which the Qualifying CIC Termination occurs.

(iii) **COBRA Coverage.** Subject to Section 5(d), the Company will pay the premiums for applicable COBRA Coverage beginning with the first month to begin after the date of the Executive's Qualifying Termination and ending with the month including the earliest of (A) the twelve (12) month anniversary of the Executive's Qualifying Termination, (B) the date upon which the Executive (and the Executive's eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.

(iv) **Equity Vesting Acceleration.** Vesting acceleration (and exercisability, as applicable) as to 100% of the then-unvested shares subject to each of the Executive's then-outstanding Company equity awards subject to only time-based (and not

performance-based) vesting. In the case of equity awards with performance-based vesting, such awards will be treated as set forth in the applicable award agreement. For the avoidance of doubt, in the event of the Executive's Qualifying Pre-CIC Termination, any unvested portion of the Executive's then-outstanding equity awards will remain outstanding until the earlier of (x) ninety (90) days following the Qualifying Termination or (y) the occurrence of a Change in Control, solely so that any benefits due on a Qualifying Pre-CIC Termination can be provided if a Change in Control occurs within the ninety (90) day period following the Qualifying Termination (provided that in no event will the Executive's stock options or similar equity awards remain outstanding beyond the equity award's maximum term to expiration). If no Change in Control occurs within the ninety (90) day period following a Qualifying Termination, any unvested portion of the Executive's equity awards automatically and permanently will be forfeited on the ninetieth (90th) day following the date of the Qualifying Termination without having vested.

(c) Termination Other Than a Qualifying Termination. If the termination of the Executive's employment with the Company Group is not a Qualifying Termination, then the Executive will not be entitled to receive severance or other benefits under this Section 5.

(d) Conditions to Receipt of COBRA Coverage. The Executive's eligibility, if any, for payments of premiums for COBRA Coverage under Section 5(a)(ii) or 5(b)(iii) as applicable is subject to the Executive electing COBRA continuation coverage within the time period prescribed pursuant to COBRA for the Executive and the Executive's eligible dependents, if any. If the Company determines in its sole discretion that it cannot pay premiums for COBRA Coverage without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of any such payments, the Company will provide to the Executive a taxable monthly payment payable on the last day of a given month (except as provided by the immediately following sentence), in an amount equal to the monthly COBRA premium that the Executive would be required to pay to continue his or her group health coverage in effect on the date of his or her Qualifying Termination (which amount will be based on the premium rates applicable for the first month of COBRA Coverage for the Executive and any of eligible dependents of the Executive) (each, a "**COBRA Replacement Payment**"), which COBRA Replacement Payments will be made regardless of whether the Executive elects COBRA continuation coverage and will commence with the month following the termination of employment or, if later, the first month for which the Company determines in its discretion that it cannot pay premiums for COBRA Coverage without incurring the liabilities described above and will end with the month including the earliest of (x) the date upon which the Executive obtains other employment and (y) the last day of the Severance Period beginning on the first day following the Executive's Qualified Termination. For the avoidance of doubt, the COBRA Replacement Payments may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to any applicable withholdings. Notwithstanding anything to the contrary under this Agreement, if the Company determines in its sole discretion at any time that it cannot provide the COBRA Replacement Payments without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Executive will not be entitled to receive any further COBRA Replacement Payments or payments of premiums for COBRA Coverage.

(e) Non-Duplication of Payment or Benefits. For purposes of clarity, in the event of a Qualifying Pre-CIC Termination, any severance payments and benefits to be provided to the Executive under Section 5(b) will be reduced by any amounts provided to the Executive under Section 5(a). Notwithstanding any provision of this Agreement to the contrary, if the Executive is entitled to any cash severance, continued health coverage benefits, or vesting acceleration of any equity awards (other than under this Agreement) by operation of applicable law or under a plan, policy, contract, or arrangement sponsored by or to which any member of the Company Group is a party ("**Other Benefits**"), then the corresponding severance payments

and benefits under this Agreement will be reduced by the amount of Other Benefits paid or provided to the Executive.

(f) Death of the Executive. In the event of the Executive's death before all payments or benefits the Executive is entitled to receive under this Agreement have been provided, the unpaid amounts will be provided to the Executive's designated beneficiary, if living, or otherwise to the Executive's personal representative in a single lump sum as soon as possible following the Executive's death.

6. Accrued Compensation. On any termination of the Executive's employment with the Company Group, the Executive will be entitled to receive any amounts earned, accrued or owing but not yet paid under Section 3 above, and any benefits accrued or earned under the Company's benefits plans and programs.

7. Conditions to Receipt of Severance.

(a) Separation Agreement and Release of Claims. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive signing and not revoking the Company's then-standard separation agreement and release of claims (which may include an agreement not to disparage any member of the Company Group, non-solicit provisions, an agreement to assist in any litigation matters, and other standard terms and conditions in a form reasonably acceptable to the Company) (the "**Release**" and that requirement, the "**Release Requirement**"), which must become effective and irrevocable no later than the sixtieth (60th) day following the Executive's Qualifying Termination (the "**Release Deadline**"). If the Release does not become effective and irrevocable by the Release Deadline, the Executive will forfeit any right to severance payments or benefits under Section 5.

(b) Payment Timing. Any lump sum cash payments under Sections 5(a)(i), 5(b)(i), or 5(b)(ii) will be provided on the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable (the "**Severance Start Date**"), subject to any delay required by Section 7(d) below. Any taxable installments of any COBRA-related severance benefits that otherwise would have been made to the Executive on or before the Severance Start Date will be paid on the Severance Start Date, and any remaining installments thereafter will be provided as specified in the Agreement. Any restricted stock units or similar full value awards that accelerate vesting under Section 5(b)(iv) will be settled (x) on a date no later than ten (10) days following the date the Release becomes effective and irrevocable, or (y) if later, in the event of a Qualifying Pre-CIC Termination, on a date no later than the Change in Control.

(c) Return of Company Property. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive returning all documents and other property provided to the Executive by any member of the Company Group (with the exception of a copy of the Company employee handbook and personnel documents specifically relating to the Executive), developed or obtained by the Executive in connection with his or her employment with the Company Group, or otherwise belonging to the Company Group.

(d) Compliance with Section 409A of the Code.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to the Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code Section 409A, and the final

regulations and any guidance promulgated thereunder (“**Section 409A**”) (together, the “**Deferred Payments**”) will be paid or otherwise provided until the Executive has a “separation from service” within the meaning of Section 409A. Similarly, no severance payable to the Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until the Executive has a “separation from service” within the meaning of Section 409A.

(ii) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following the Executive’s separation from service, or, if later, such time as required by Section 7(d)(iv). Except as required by Section 7(d)(iv), any installment payments that would have been made to the Executive during the sixty (60) day period immediately following the Executive’s separation from service but for the preceding sentence will be paid to the Executive on the sixtieth (60th) day following the Executive’s separation from service and the remaining payments shall be made as provided in this Agreement.

(iii) It is intended that each installment of the payments provided for in this Agreement is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the amounts set forth in this Section 5 satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation 1.409A-1(b)(4) and 1.409A-1(b)(9)(iii), and any amounts paid under this Agreement that qualify under either of such exemptions will not constitute Deferred Payments for purposes of clause (i) above.

(iv) Any provision of this Agreement to the contrary notwithstanding, if, at the time of the Executive’s Date of Termination, the Executive is a “specified employee,” within the meaning of Section 409A of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of his separation from service would be considered nonqualified deferred compensation under Section 409A, such payment or benefit shall be paid or provided at the date which is the earlier of (i) six (6) months and one day after the separation from service and (ii) the date of the Executive’s death (the “**Delay Period**”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7(d) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to the Executive in a lump-sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(v) Any reimbursements provided under this Agreement that constitute deferred compensation within the meaning of Section 409A of the Code shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred; (ii) the amount of expenses eligible for reimbursement in any given calendar year shall not affect the expenses that the Company is obligated to reimburse in any other calendar year, provided that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect; (iii) the Executive’s right to have the Company pay or provide such reimbursements may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company’s obligations to make such reimbursements apply later than the Executive’s remaining lifetime.

(vi) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company reserves the right to amend this Agreement as it considers necessary or advisable, in its sole discretion and without the consent of the Executive or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. In no event will any member of the Company Group reimburse, indemnify, or hold harmless the Executive for any taxes, penalties and interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.

(e) **Resignation of Officer and Director Positions.** The termination of the Executive's employment for any reason will also constitute, without any further required action by the Executive, the Executive's voluntary resignation from all officer and/or director positions held at any member of the Company Group, and at the Board's request, the Executive will execute any documents reasonably necessary to reflect the resignations. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive executing any documents the Company may require in connection with the preceding sentence.

8. **Confidential Information.** The Executive agrees to enter into the Company's standard At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidential Information Agreement**") upon commencing employment hereunder.

9. **Limitation on Payments; Section 280G.**

(a) **Reduction of Severance Benefits.** If any payment or benefit that the Executive would receive from any Company Group member or any other party whether in connection with the provisions in this Agreement or otherwise (the "**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then the total amount of all such Payments will be equal to the Best Results Amount. The "**Best Results Amount**" will be either (x) the full total amount of all such Payments or (y) a lesser amount that would result in no portion of such Payments being subject to the Excise Tax, whichever of those amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the Executive's receipt, on an after-tax basis, of the greater amount. If a reduction in payments or benefits constituting parachute payments is necessary so that the total amount of all such Payments equals the Best Results Amount, reduction will occur in the following order: (A) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first cash payment to be reduced); (B) cancellation of equity awards that were granted "contingent on a change in ownership or control" within the meaning of Section 280G of the Code in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first); (C) reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and (D) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first benefit to be reduced). In no event will the Executive have any discretion with respect to the ordering of Payment reductions. The Executive will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this

Agreement, and the Executive will not be reimbursed, indemnified, or held harmless by any member of the Company Group for any of those payments of personal tax liability.

(b) Determination of Excise Tax Liability. Unless the Company and the Executive otherwise agree in writing, the Company will select a professional services firm (the “*Firm*”) to make all determinations required under this Section 9, which determinations will be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section 9, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive will furnish to the Firm such information and documents as the Firm reasonably may request in order to make determinations under this Section 9. The Company will bear the costs and make all payments for the Firm’s services in connection with any calculations contemplated by this Section 9. The Company will have no liability to the Executive for the determinations of the Firm.

10. Miscellaneous.

(a) No Duty to Mitigate. The Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any payment be reduced by any earnings that the Executive may receive from any other source except as specified in Section 5(e).

(b) Successors. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors, and legal representatives of the Executive upon the Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of the Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance, or other disposition of the Executive’s right to compensation or other benefits will be null and void.

(c) Binding Agreement. This Agreement shall inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive’s estate.

(d) Notices.

(i) General. All notices and other communications required or permitted under this Agreement shall be in writing and will be effectively given (i) upon actual delivery to the party to be notified, (ii) upon transmission by email, (iii) twenty-four (24) hours after confirmed facsimile transmission, (iv) one (1) business day after deposit with a recognized overnight courier, or (v) three (3) business days after deposit with the U.S. Postal Service by first class certified or registered mail, return receipt requested, postage prepaid, addressed (A) if to the Executive, at the address the Executive shall have most recently furnished to the Company in writing, (B) if to the Company, at the following address:

To the Company:

2210 Faraday Ave.
Suite 100
Carlsbad, CA 92008

To the Executive:

Charlie Piscitello
At the address most recently on file with the Company

(ii) Notice of Termination. Any termination by a Company Group member for Cause will be communicated by a notice of termination to the Executive, and any termination by the Executive for Good Reason will be communicated by a notice of termination to the Company, in each case given in accordance with Section 10(d)(i) of this Agreement. The notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the later of (i) the giving of the notice or (ii) the end of any applicable cure period).

(e) Waiver; Amendments. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(f) Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter of this Agreement, including, for the avoidance of doubt, any other employment letter or agreement, severance policy or program, or equity award agreement.

(g) Applicable Law. This Agreement will be governed by the laws of the State of California without regard to California's conflicts of law rules that may result in the application of the laws of any jurisdiction other than California. To the extent that any lawsuit is permitted under this Agreement, Employee hereby expressly consents to the personal and exclusive jurisdiction and venue of the state and federal courts located in [County?] California for any lawsuit filed against the Executive by the Company.

(h) Arbitration. Any and all controversies, claims, or disputes with anyone under this Agreement (including the Company and any employee, officer, director, stockholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from the Executive's employment with the Company Group, shall be subject to arbitration in accordance with the provisions of the Confidential Information Agreement.

(i) Captions. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(j) Withholding. All payments and benefits under this Agreement will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits all federal, state, local, and/or foreign taxes required to be withheld from the payments or benefits and make any other required payroll deductions. No member of the Company Group will pay the Executive's taxes arising from or relating to any payments or benefits under this Agreement.

(k) Survivorship. The rights and obligations of the Company and the Executive under this Agreement shall survive the expiration of the Term.

(l) Mutual Intent. All parties participated in the drafting of the Agreement, and the language used in this Agreement is the language chosen by the Executive and the Company to express their mutual intent. The parties agree that in the event that any language, section, clause, phrase or word used in the Agreement is determined to be ambiguous, no presumption shall arise against or in favor of either party and that no rule of strict construction shall be applied against either party with respect to such ambiguity.

(m) Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(n) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

[Signature Page Follows]

In Witness Whereof, the parties hereto have executed this Agreement as of the date first written above.

ACUTUS MEDICAL, INC.

By: __

Name: Vince Burgess

Title: President and CEO

EXECUTIVE

Charlie Piscitello

EMPLOYMENT AGREEMENT

This **Employment Agreement** (this “**Agreement**”) is made by and amongst **Acutus Medical, Inc.** (the “**Company**”), having its principal offices at 2210 Faraday Ave., Suite 100 Carlsbad, CA 92008, and Kevin Mathews (the “**Executive**”), effective as of May 1, 2022 (the “**Effective Date**”).

Whereas, the Company desires to employ the Executive in the position of Senior Vice President, International of the Company; and

Whereas, the Executive desires to be employed by the Company as its Senior Vice President, International.

Now Therefore, in consideration of the premises and the mutual covenants herein contained, the Company and the Executive hereby agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) “**Annual Base Salary**” shall mean the Executive’s rate of regular annual base salary (for the avoidance of doubt, prior to any reduction under a salary reduction agreement pursuant to Section 401(k) or Section 125 of the Code); provided that for purposes of Section 5, Annual Base Salary shall mean the Executive’s rate of regular annual base salary as in effect immediately prior to the Executive’s Qualifying Termination (or if the termination is due to a resignation for Good Reason based on a material reduction in annual base compensation, then the Executive’s annual base salary in effect immediately prior to the reduction) or, if the Executive’s Qualifying Termination is a Qualifying CIC Termination and the amount is greater, at the level in effect immediately prior to the Change in Control.

(b) “**Board**” shall mean the Board of Directors of the Company.

(c) “**Cause**” shall mean any of the following: (i) the Executive’s continued failure to perform the Executive’s employment duties after the Executive has received a written demand of performance from the Company which specifically sets forth the factual basis for the Company’s belief that the Executive has not substantially performed the Executive’s duties and has failed to cure such non-performance to the Company’s reasonable satisfaction within ten (10) business days after receiving such notice; (ii) the Executive’s engaging in any act of dishonesty, fraud, misrepresentation, embezzlement or gross misconduct that is or would reasonably be expected to be injurious in a material respect to the Company Group; (iii) the Executive’s violation of any federal or state law or regulation applicable to the business of the Company Group; (iv) the Executive’s breach of any material obligations under any written agreement or covenant with any member of the Company Group; (v) the Executive’s being convicted of, or entering a plea of *nolo contendere* to, any felony or committing any act of moral turpitude; or (vi) the Executive’s material violation of the written policies or codes of conduct of the Company Group, including policies related to discrimination, harassment, performance of illegal or unethical activities, and ethical misconduct, that is or would reasonably be expected to be injurious in a material respect to the Company Group.

(d) “**Change in Control**” shall have the meaning ascribed to it in the Company’s 2011 Equity Incentive Plan, as it may be amended from time to time.

(e) **“Change in Control Period”** shall mean the period commencing ninety (90) days prior to the effective date of a Change in Control and ending twelve (12) months following the effective date a Change in Control.

(f) **“COBRA”** shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, as well as any state law of similar effect.

(g) **“Code”** shall mean the Internal Revenue Code of 1986, as amended, and, as applicable, Treasury Regulations promulgated thereunder.

(h) **“Company Group”** shall mean the Company and its subsidiaries.

(i) **“Confidential Information Agreement”** shall mean the At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement that the Executive has entered or is required to enter into with the Company in connection with the Executive’s employment with the Company.

(j) **“Date of Termination”** shall mean the date of the termination of the Executive’s employment.

(k) **“Disability”** shall mean the Executive’s disability within the meaning of Treasury Regulation Section 1.409A-3(i)(4)(i).

(l) **“Good Reason”** shall mean the Executive’s resignation within thirty (30) days following the expiration of any Company cure period (discussed below) following the occurrence of one or more of the following, without the Executive’s written consent: (i) a material reduction of the Executive’s authority, duties or responsibilities relative to the Executive’s duties, authorities, or responsibilities in effect immediately prior to the reduction; provided, however, that continued employment following a Change in Control with substantially the same duties, authorities, or responsibilities with respect to the Company Group’s business and operations will not constitute “Good Reason” (for example, “Good Reason” does not exist if the Executive is employed by the Company Group or a successor with substantially the same duties, authorities, or responsibilities with respect to the Company Group’s business that the Executive had immediately prior to the Change in Control regardless of whether the Executive’s title is revised to reflect the Executive’s placement within the overall corporate hierarchy or whether the Executive provides services to a subsidiary, affiliate, business unit or otherwise); (ii) a reduction by a Company Group member of more than ten percent (10%) in the Executive’s annual rate of base cash compensation as in effect immediately prior to such reduction, provided, however, that, a reduction of annual base compensation that also applies to substantially all other similarly situated employees of the Company Group members will not constitute “Good Reason”; or (iii) a material change in the geographic location of the Executive’s primary work facility or location; provided, that a relocation of less than fifty (50) miles from the Executive’s then-present location will not be considered a material change in geographic location. The Executive may not resign for Good Reason without first providing the Company with written notice of the acts or omissions constituting the grounds for “Good Reason” within ninety (90) days of the initial existence of the grounds for “Good Reason” and a reasonable cure period of thirty (30) days following the date the Company receives such notice during which such condition must not have been cured.

(m) **“Qualifying Pre-CIC Termination”** shall mean a Qualifying CIC Termination that occurs prior to the date of the Change in Control.

(n) **“Qualifying Termination”** shall mean a termination of the Executive’s employment either (i) by a Company Group member without Cause (excluding by reason of

Executive's death or Disability) or (ii) by the Executive for Good Reason, in either case, during the Change in Control Period (a "**Qualifying CIC Termination**") or outside of the Change in Control Period (a "**Qualifying Non-CIC Termination**").

2. Term of this Agreement. The term of this Agreement shall commence upon the Effective Date and shall continue until the termination of the Executive's employment (the "**Term**").

3. Duties; Scope of Employment; Compensation and Benefits.

(a) Position and Duties. As of the Effective Date, the Company shall employ the Executive in the position of Senior Vice President, International of the Company. During the Term, the Executive will perform the Executive's duties faithfully and to the best of the Executive's ability, and will devote substantially all of the Executive's business efforts and time to the Company. The Executive agrees not to actively engage in any other employment, occupation or consulting activity during the Term for any direct or indirect remuneration without the prior approval of the Board.

(b) Annual Base Salary. During the Term, the Company shall pay the Executive an Annual Base Salary of \$310,000 as compensation for the Executive's services. The Annual Base Salary amount shall be subject to review and may be adjusted based upon the Company's normal performance review practices. The Annual Base Salary will be paid periodically in accordance with the Company's normal payroll practices and be subject to the usual, required withholdings.

(c) Bonus. The Executive's annual target bonus opportunity shall be 50% of the Executive's Annual Base Salary (the "**Target Bonus**"). The Target Bonus amount shall be subject to review and may be adjusted based upon the Company's normal performance review practices. The Executive's actual annual bonus earned shall be determined based on the Executive's performance, the achievement of target objectives for the Company, the Company Group or any business unit thereof and such other terms to be determined by the Board in its sole discretion. Any such annual bonus that is earned will be paid, less applicable withholdings, no later than the payroll period after the Board determines that such annual bonus has been earned, but in no event shall such earned annual bonus be paid after the later of (i) the fifteenth (15th) day of the third (3rd) month following the close of the Company's fiscal year in which the annual bonus is earned or (ii) March 15 following the calendar year in which the annual bonus is earned.

(d) Employee Benefits. During the Term, the Executive and the Executive's dependents, if applicable, shall be eligible to participate in the employee benefit plans and programs currently and hereafter sponsored by the Company on the same terms and conditions generally applicable to similarly situated executives of the Company. The Company reserves the right to cancel or change the employee benefit plans and programs it offers to its employees at any time.

(e) Equity Plans. The Executive shall be eligible to participate in any stock option, restricted stock, stock appreciation rights, or any other equity compensation plan or program sponsored by the Company or another member of the Company Group on the terms and conditions determined by the Board in its sole discretion.

(f) Expenses. Subject to Section 7(d)(v), the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties hereunder, in accordance with the applicable policy of the Company, as in effect from time to time.

(g) **Paid Time Off.** The Executive shall be entitled to paid time off in accordance with the Company's paid time off policy, as in effect from time to time.

4. **At-Will Employment.** The parties agree that the Executive's employment with the Company will be "at-will" employment and may be terminated at any time with or without cause or notice. The Executive understands and agrees that neither the Executive's job performance nor promotions, commendations, bonuses, or the like from the Company give rise to or in any way serve as the basis for modification, amendment, or extension, by implication or otherwise, of the Executive's employment with the Company. However, as described in this Agreement, the Executive may be entitled to severance benefits depending on the circumstances of the termination of the Executive's employment with the Company.

5. **Severance Benefits.**

(a) **Qualifying Non-CIC Termination.** On a Qualifying Non-CIC Termination (as defined below), the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment equal to nine (9) months of the Executive's Annual Base Salary, less applicable withholdings (if applicable, such total number of months, the "Severance Period").

(ii) **COBRA Coverage.** Subject to Section 5(d), the Company will pay the premiums for coverage under COBRA for the Executive and the Executive's eligible dependents, if any, at the rates then in effect, subject to any subsequent changes in rates that are generally applicable to the Company's active employees (the "**COBRA Coverage**"), beginning with the first month to begin after the date of the Executive's Qualifying Termination and ending with the month including the earlier of: (A) the nine (9) month anniversary of the Executive's Qualifying Termination, (B) the date upon which the Executive (and the Executive's eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.

(b) **Qualifying CIC Termination.** On a Qualifying CIC Termination, the Executive will be eligible to receive the following payments and benefits from the Company:

(i) **Salary Severance.** A single, lump sum payment, less applicable withholdings, equal to twelve (12) months of the Executive's Annual Base Salary (if applicable, such total number of months, the "**Severance Period**").

(ii) **Bonus Severance.** A single, lump sum payment, less applicable withholdings, equal to 100% of the Executive's Target Bonus as in effect for the fiscal year in which the Qualifying CIC Termination occurs.

(iii) **COBRA Coverage.** Subject to Section 5(d), the Company will pay the premiums for applicable COBRA Coverage beginning with the first month to begin after the date of the Executive's Qualifying Termination and ending with the month including the earliest of (A) the twelve (12) month anniversary of the Executive's Qualifying Termination, (B) the date upon which the Executive (and the Executive's eligible dependents, as applicable) becomes covered under similar plans, or (C) the date upon which the Executive ceases to be eligible for coverage under COBRA.

(iv) **Equity Vesting Acceleration.** Vesting acceleration (and exercisability, as applicable) as to 100% of the then-unvested shares subject to each of the Executive's then-outstanding Company equity awards subject to only time-based (and not

performance-based) vesting. In the case of equity awards with performance-based vesting, such awards will be treated as set forth in the applicable award agreement. For the avoidance of doubt, in the event of the Executive's Qualifying Pre-CIC Termination, any unvested portion of the Executive's then-outstanding equity awards will remain outstanding until the earlier of (x) ninety (90) days following the Qualifying Termination or (y) the occurrence of a Change in Control, solely so that any benefits due on a Qualifying Pre-CIC Termination can be provided if a Change in Control occurs within the ninety (90) day period following the Qualifying Termination (provided that in no event will the Executive's stock options or similar equity awards remain outstanding beyond the equity award's maximum term to expiration). If no Change in Control occurs within the ninety (90) day period following a Qualifying Termination, any unvested portion of the Executive's equity awards automatically and permanently will be forfeited on the ninetieth (90th) day following the date of the Qualifying Termination without having vested.

(c) Termination Other Than a Qualifying Termination. If the termination of the Executive's employment with the Company Group is not a Qualifying Termination, then the Executive will not be entitled to receive severance or other benefits under this Section 5.

(d) Conditions to Receipt of COBRA Coverage. The Executive's eligibility, if any, for payments of premiums for COBRA Coverage under Section 5(a)(ii) or 5(b)(iii) as applicable is subject to the Executive electing COBRA continuation coverage within the time period prescribed pursuant to COBRA for the Executive and the Executive's eligible dependents, if any. If the Company determines in its sole discretion that it cannot pay premiums for COBRA Coverage without potentially violating, or being subject to an excise tax under, applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then in lieu of any such payments, the Company will provide to the Executive a taxable monthly payment payable on the last day of a given month (except as provided by the immediately following sentence), in an amount equal to the monthly COBRA premium that the Executive would be required to pay to continue his or her group health coverage in effect on the date of his or her Qualifying Termination (which amount will be based on the premium rates applicable for the first month of COBRA Coverage for the Executive and any of eligible dependents of the Executive) (each, a "**COBRA Replacement Payment**"), which COBRA Replacement Payments will be made regardless of whether the Executive elects COBRA continuation coverage and will commence with the month following the termination of employment or, if later, the first month for which the Company determines in its discretion that it cannot pay premiums for COBRA Coverage without incurring the liabilities described above and will end with the month including the earliest of (x) the date upon which the Executive obtains other employment and (y) the last day of the Severance Period beginning on the first day following the Executive's Qualified Termination. For the avoidance of doubt, the COBRA Replacement Payments may be used for any purpose, including, but not limited to continuation coverage under COBRA, and will be subject to any applicable withholdings. Notwithstanding anything to the contrary under this Agreement, if the Company determines in its sole discretion at any time that it cannot provide the COBRA Replacement Payments without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Executive will not be entitled to receive any further COBRA Replacement Payments or payments of premiums for COBRA Coverage.

(e) Non-Duplication of Payment or Benefits. For purposes of clarity, in the event of a Qualifying Pre-CIC Termination, any severance payments and benefits to be provided to the Executive under Section 5(b) will be reduced by any amounts provided to the Executive under Section 5(a). Notwithstanding any provision of this Agreement to the contrary, if the Executive is entitled to any cash severance, continued health coverage benefits, or vesting acceleration of any equity awards (other than under this Agreement) by operation of applicable law or under a plan, policy, contract, or arrangement sponsored by or to which any member of the Company Group is a party ("**Other Benefits**"), then the corresponding severance payments

and benefits under this Agreement will be reduced by the amount of Other Benefits paid or provided to the Executive.

(f) Death of the Executive. In the event of the Executive's death before all payments or benefits the Executive is entitled to receive under this Agreement have been provided, the unpaid amounts will be provided to the Executive's designated beneficiary, if living, or otherwise to the Executive's personal representative in a single lump sum as soon as possible following the Executive's death.

6. Accrued Compensation. On any termination of the Executive's employment with the Company Group, the Executive will be entitled to receive any amounts earned, accrued or owing but not yet paid under Section 3 above, and any benefits accrued or earned under the Company's benefits plans and programs.

7. Conditions to Receipt of Severance.

(a) Separation Agreement and Release of Claims. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive signing and not revoking the Company's then-standard separation agreement and release of claims (which may include an agreement not to disparage any member of the Company Group, non-solicit provisions, an agreement to assist in any litigation matters, and other standard terms and conditions in a form reasonably acceptable to the Company) (the "**Release**" and that requirement, the "**Release Requirement**"), which must become effective and irrevocable no later than the sixtieth (60th) day following the Executive's Qualifying Termination (the "**Release Deadline**"). If the Release does not become effective and irrevocable by the Release Deadline, the Executive will forfeit any right to severance payments or benefits under Section 5.

(b) Payment Timing. Any lump sum cash payments under Sections 5(a)(i), 5(b)(i), or 5(b)(ii) will be provided on the first regularly scheduled payroll date of the Company following the date the Release becomes effective and irrevocable (the "**Severance Start Date**"), subject to any delay required by Section 7(d) below. Any taxable installments of any COBRA-related severance benefits that otherwise would have been made to the Executive on or before the Severance Start Date will be paid on the Severance Start Date, and any remaining installments thereafter will be provided as specified in the Agreement. Any restricted stock units or similar full value awards that accelerate vesting under Section 5(b)(iv) will be settled (x) on a date no later than ten (10) days following the date the Release becomes effective and irrevocable, or (y) if later, in the event of a Qualifying Pre-CIC Termination, on a date no later than the Change in Control.

(c) Return of Company Property. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive returning all documents and other property provided to the Executive by any member of the Company Group (with the exception of a copy of the Company employee handbook and personnel documents specifically relating to the Executive), developed or obtained by the Executive in connection with his or her employment with the Company Group, or otherwise belonging to the Company Group.

(d) Compliance with Section 409A of the Code.

(i) Notwithstanding anything to the contrary in this Agreement, no severance pay or benefits to be paid or provided to the Executive, if any, pursuant to this Agreement that, when considered together with any other severance payments or separation benefits, are considered deferred compensation under Code Section 409A, and the final

regulations and any guidance promulgated thereunder (“**Section 409A**”) (together, the “**Deferred Payments**”) will be paid or otherwise provided until the Executive has a “separation from service” within the meaning of Section 409A. Similarly, no severance payable to the Executive, if any, pursuant to this Agreement that otherwise would be exempt from Section 409A pursuant to Treasury Regulation Section 1.409A-1(b)(9) will be payable until the Executive has a “separation from service” within the meaning of Section 409A.

(ii) Any severance payments or benefits under this Agreement that would be considered Deferred Payments will be paid on, or, in the case of installments, will not commence until, the sixtieth (60th) day following the Executive’s separation from service, or, if later, such time as required by Section 7(d)(iv). Except as required by Section 7(d)(iv), any installment payments that would have been made to the Executive during the sixty (60) day period immediately following the Executive’s separation from service but for the preceding sentence will be paid to the Executive on the sixtieth (60th) day following the Executive’s separation from service and the remaining payments shall be made as provided in this Agreement.

(iii) It is intended that each installment of the payments provided for in this Agreement is a separate “payment” for purposes of Treasury Regulations Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the amounts set forth in this Section 5 satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation 1.409A-1(b)(4) and 1.409A-1(b)(9)(iii), and any amounts paid under this Agreement that qualify under either of such exemptions will not constitute Deferred Payments for purposes of clause (i) above.

(iv) Any provision of this Agreement to the contrary notwithstanding, if, at the time of the Executive’s Date of Termination, the Executive is a “specified employee,” within the meaning of Section 409A of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of his separation from service would be considered nonqualified deferred compensation under Section 409A, such payment or benefit shall be paid or provided at the date which is the earlier of (i) six (6) months and one day after the separation from service and (ii) the date of the Executive’s death (the “**Delay Period**”). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 7(d) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or provided to the Executive in a lump-sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(v) Any reimbursements provided under this Agreement that constitute deferred compensation within the meaning of Section 409A of the Code shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred; (ii) the amount of expenses eligible for reimbursement in any given calendar year shall not affect the expenses that the Company is obligated to reimburse in any other calendar year, provided that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect; (iii) the Executive’s right to have the Company pay or provide such reimbursements may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company’s obligations to make such reimbursements apply later than the Executive’s remaining lifetime.

(vi) The foregoing provisions are intended to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. The Company reserves the right to amend this Agreement as it considers necessary or advisable, in its sole discretion and without the consent of the Executive or any other individual, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. In no event will any member of the Company Group reimburse, indemnify, or hold harmless the Executive for any taxes, penalties and interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.

(e) **Resignation of Officer and Director Positions.** The termination of the Executive's employment for any reason will also constitute, without any further required action by the Executive, the Executive's voluntary resignation from all officer and/or director positions held at any member of the Company Group, and at the Board's request, the Executive will execute any documents reasonably necessary to reflect the resignations. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under Section 5 is subject to the Executive executing any documents the Company may require in connection with the preceding sentence.

8. **Confidential Information.** The Executive agrees to enter into the Company's standard At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement (the "**Confidential Information Agreement**") upon commencing employment hereunder.

9. **Limitation on Payments; Section 280G.**

(a) **Reduction of Severance Benefits.** If any payment or benefit that the Executive would receive from any Company Group member or any other party whether in connection with the provisions in this Agreement or otherwise (the "**Payment**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then the total amount of all such Payments will be equal to the Best Results Amount. The "**Best Results Amount**" will be either (x) the full total amount of all such Payments or (y) a lesser amount that would result in no portion of such Payments being subject to the Excise Tax, whichever of those amounts, taking into account the applicable federal, state and local employment taxes, income taxes and the Excise Tax, results in the Executive's receipt, on an after-tax basis, of the greater amount. If a reduction in payments or benefits constituting parachute payments is necessary so that the total amount of all such Payments equals the Best Results Amount, reduction will occur in the following order: (A) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first cash payment to be reduced); (B) cancellation of equity awards that were granted "contingent on a change in ownership or control" within the meaning of Section 280G of the Code in the reverse order of date of grant of the awards (that is, the most recently granted equity awards will be cancelled first); (C) reduction of the accelerated vesting of equity awards in the reverse order of date of grant of the awards (that is, the vesting of the most recently granted equity awards will be cancelled first); and (D) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first benefit to be reduced). In no event will the Executive have any discretion with respect to the ordering of Payment reductions. The Executive will be solely responsible for the payment of all personal tax liability that is incurred as a result of the payments and benefits received under this

Agreement, and the Executive will not be reimbursed, indemnified, or held harmless by any member of the Company Group for any of those payments of personal tax liability.

(b) Determination of Excise Tax Liability. Unless the Company and the Executive otherwise agree in writing, the Company will select a professional services firm (the “*Firm*”) to make all determinations required under this Section 9, which determinations will be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section 9, the Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive will furnish to the Firm such information and documents as the Firm reasonably may request in order to make determinations under this Section 9. The Company will bear the costs and make all payments for the Firm’s services in connection with any calculations contemplated by this Section 9. The Company will have no liability to the Executive for the determinations of the Firm.

10. Miscellaneous.

(a) No Duty to Mitigate. The Executive will not be required to mitigate the amount of any payment contemplated by this Agreement, nor will any payment be reduced by any earnings that the Executive may receive from any other source except as specified in Section 5(e).

(b) Successors. This Agreement will be binding upon and inure to the benefit of (a) the heirs, executors, and legal representatives of the Executive upon the Executive’s death, and (b) any successor of the Company. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, “successor” means any person, firm, corporation, or other business entity which at any time, whether by purchase, merger, or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. None of the rights of the Executive to receive any form of compensation payable pursuant to this Agreement may be assigned or transferred except by will or the laws of descent and distribution. Any other attempted assignment, transfer, conveyance, or other disposition of the Executive’s right to compensation or other benefits will be null and void.

(c) Binding Agreement. This Agreement shall inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive’s estate.

(d) Notices.

(i) General. All notices and other communications required or permitted under this Agreement shall be in writing and will be effectively given (i) upon actual delivery to the party to be notified, (ii) upon transmission by email, (iii) twenty-four (24) hours after confirmed facsimile transmission, (iv) one (1) business day after deposit with a recognized overnight courier, or (v) three (3) business days after deposit with the U.S. Postal Service by first class certified or registered mail, return receipt requested, postage prepaid, addressed (A) if to the Executive, at the address the Executive shall have most recently furnished to the Company in writing, (B) if to the Company, at the following address:

To the Company:

2210 Faraday Ave.
Suite 100
Carlsbad, CA 92008

To the Executive:

Kevin Mathews
At the address most recently on file with the Company

(ii) Notice of Termination. Any termination by a Company Group member for Cause will be communicated by a notice of termination to the Executive, and any termination by the Executive for Good Reason will be communicated by a notice of termination to the Company, in each case given in accordance with Section 10(d)(i) of this Agreement. The notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than thirty (30) days after the later of (i) the giving of the notice or (ii) the end of any applicable cure period).

(e) Waiver; Amendments. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(f) Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied) of the parties with respect to the subject matter of this Agreement, including, for the avoidance of doubt, any other employment letter or agreement, severance policy or program, or equity award agreement.

(g) Applicable Law. This Agreement will be governed by the laws of the State of California without regard to California's conflicts of law rules that may result in the application of the laws of any jurisdiction other than California. To the extent that any lawsuit is permitted under this Agreement, Employee hereby expressly consents to the personal and exclusive jurisdiction and venue of the state and federal courts located in [County?] California for any lawsuit filed against the Executive by the Company.

(h) Arbitration. Any and all controversies, claims, or disputes with anyone under this Agreement (including the Company and any employee, officer, director, stockholder or benefit plan of the Company in their capacity as such or otherwise) arising out of, relating to, or resulting from the Executive's employment with the Company Group, shall be subject to arbitration in accordance with the provisions of the Confidential Information Agreement.

(i) Captions. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(j) Withholding. All payments and benefits under this Agreement will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits all federal, state, local, and/or foreign taxes required to be withheld from the payments or benefits and make any other required payroll deductions. No member of the Company Group will pay the Executive's taxes arising from or relating to any payments or benefits under this Agreement.

(k) Survivorship. The rights and obligations of the Company and the Executive under this Agreement shall survive the expiration of the Term.

(l) Mutual Intent. All parties participated in the drafting of the Agreement, and the language used in this Agreement is the language chosen by the Executive and the Company to express their mutual intent. The parties agree that in the event that any language, section, clause, phrase or word used in the Agreement is determined to be ambiguous, no presumption shall arise against or in favor of either party and that no rule of strict construction shall be applied against either party with respect to such ambiguity.

(m) Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(n) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

[Signature Page Follows]

In Witness Whereof, the parties hereto have executed this Agreement as of the date first written above.

ACUTUS MEDICAL, INC.

By: __

Name: Vince Burgess

Title: President and CEO

EXECUTIVE

Kevin Mathews

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David H. Roman, certify that:

1. I have reviewed this report on Form 10-Q of Acutus Medical, 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)) 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 reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David H. Roman

David H. Roman
President, Chief Executive Officer and Director
(Principal Executive Officer)

May 11, 2023

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Takeo Mukai, certify that:

1. I have reviewed this report on Form 10-Q of Acutus Medical, 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)) 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 reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Takeo Mukai

Takeo Mukai
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

May 11, 2023

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with Form 10-Q (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, David H. Roman, Chief Executive Officer of Acutus Medical, Inc. (the "Company"), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to the best of my knowledge, the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 filed with the Securities and Exchange Commission:

- Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David H. Roman

David H. Roman
President, Chief Executive Officer and Director
(Principal Executive Officer)

May 11, 2023

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with Form 10-Q (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Takeo Mukai, Chief Financial Officer of Acutus Medical, Inc. (the "Company"), in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, to the best of my knowledge, the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 filed with the Securities and Exchange Commission:

- Fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Takeo Mukai

Takeo Mukai
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

May 11, 2023