UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30. 2025**

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 **001-41775**

NEURAXIS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**45-5079684**
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
11611 N. Meridian Street, Suite 330 Carmel, IN	**46032**
(Address of principal executive offices)	(Zip Code)

(812) 689-0791

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	NRXS	NYSE American 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 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 and post 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ☒

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

The number of shares of the registrant's common stock outstanding as of June 30, 2025 was 9,858,716 shares.

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PART I

ITEM 1. FINANCIAL STATEMENTS

NeurAxis, Inc.
Condensed Balance Sheets

	June 30, 2025 (Unaudited)	December 31, 2024
Assets		
Current Assets:		
Cash and cash equivalents	**$ 5,988,456**	$ 3,696,870
Accounts receivable, net of credit losses of $5,000 and $5,000 as of June 30, 2025 and December 31, 2024, respectively	**128,518**	244,618
Inventories, net of reserves of $17,195 and $4,454 as of June 30, 2025 and December 31, 2024, respectively	**131,432**	44,328
Prepaids and other current assets	**370,325**	280,367
Total current assets	**6,618,731**	4,266,183
Property and Equipment, at Cost:	**484,815**	464,402
Less - accumulated depreciation	**(383,711)**	(374,420)
Property and equipment, net	**101,104**	89,982
Other Assets:		
Operating lease right of use asset, net	**256,656**	284,656
Intangible assets, net	**91,345**	96,588
Security deposit	**20,163**	20,163
Total Assets	**$ 7,087,999**	$ 4,757,572
Liabilities		
Current Liabilities:		
Accounts payable	**$ 464,518**	$ 596,946
Accrued expenses	**1,652,788**	1,577,780
Current portion of operating lease payable	**69,165**	62,754
Notes payable	**121,433**	154,152
Customer deposits	**31,927**	32,527
Warrant liabilities	**7,454**	9,166
Total current liabilities	**2,347,285**	2,433,325
Non-Current Liabilities:		
Operating lease payable, net of current portion	**219,880**	256,499
Other non-current liabilities	**267,540**	—
Total non-current liabilities	**487,420**	256,499
Total liabilities	**2,834,705**	2,689,824
Commitments and Contingencies (see note 14)	**—**	—
Stockholders' Equity		
Convertible Series B Preferred stock, $0.01 par value; 5,000,000 shares authorized; 3,896,907 and 4,280,939 shares issued and outstanding as of June 30, 2025 and December 31, 2024	**3,897**	4,281
Common stock, $0.001 par value; 100,000,000 shares authorized; 9,858,716 and 6,990,227 shares issued and outstanding as of June 30, 2025 and December 31, 2024, respectively	**9,859**	6,990
Additional paid in capital	**65,008,252**	58,856,089
Accumulated deficit	**(60,768,714)**	(56,799,612)
Total stockholders' equity	**4,253,294**	2,067,748
Total Liabilities and Stockholders' Equity	**$ 7,087,999**	$ 4,757,572

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

NeurAxis, Inc.
Condensed Statements of Operations (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Net Sales	**$ 894,086**	$ 611,500	**$ 1,789,741**	$ 1,258,135
Cost of Goods Sold	**146,643**	73,458	**286,118**	148,539
Gross Profit	**747,443**	538,042	**1,503,623**	1,109,596
Selling Expenses	**142,253**	62,274	**276,206**	142,304
Research and Development	**58,319**	54,312	**108,012**	59,882
General and Administrative	**2,264,729**	2,628,288	**5,132,360**	4,946,362
Operating Loss	**(1,717,858)**	(2,206,832)	**(4,012,955)**	(4,038,952)
Other Income (Expense):				
Financing charges	—	—	—	(230,824)
Interest expense	**(13,434)**	(80,697)	**(15,672)**	(107,257)
Change in fair value of warrant liability	**(119)**	7,576	**1,712**	(1,708)
Amortization of debt discount and issuance cost	—	(63,817)	—	(85,500)
Other income	**40,993**	2,961	**57,813**	2,961
Other expense	—	(576,901)		(577,081)
Total other income (expense), net	**27,440**	(710,878)	**43,853**	(999,409)
Net Loss	**(1,690,418)**	(2,917,710)	**(3,969,102)**	(5,038,361)
Preferred stock dividends	(207,465)	—	(421,008)	—
Net Loss Available to Common Stockholders	**$ (1,897,883)**	$ (2,917,710)	**$ (4,390,110)**	$ (5,038,361)
Per-Share Data				
Basic and diluted loss per share	**$ (0.22)**	$ (0.42)	**$ (0.56)**	$ (0.73)
Weighted Average Shares Outstanding				
Basic and diluted	**8,520,596**	6,921,004	**7,903,726**	6,902,841

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

NeurAxis, Inc.
Condensed Statements of Stockholders' Equity (Deficit) (Unaudited)

	For the Three and Six Months Ended June 30, 2024						
	Convertible Series B Preferred Stock		Common Stock		Additional Paid In	Accumulated	Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficit)
Balances at January 1, 2024	-	$ -	6,508,897	$ 6,509	$47,148,361	$ (48,558,111)	$ (1,403,241)
Warrants exercised	-	-	11,000	11	26,169	-	26,180
Additional paid in capital from warrants issued under advisory agreement	-	-	-	-	15,543	-	15,543
Additional paid in capital from warrants issued as debt discount	-	-	-	-	97,465	-	97,465
Common stock issued from agreements	-	-	75,000	75	200,175	-	200,250
Net loss	-	-	-	-	-	(2,120,651)	(2,120,651)
Balances at March 31, 2024	-	$ -	6,594,897	$ 6,595	$47,487,713	$ (50,678,762)	$ (3,184,454)
Additional paid in capital from warrants issued under consulting agreement	-	-	-	-	44,853	-	44,853
Common stock issued from agreements	-	-	246,724	247	798,682	-	798,929
Net loss	-	-	-	-	-	(2,917,710)	(2,917,710)
Balances at June 30, 2024	-	$ -	6,841,621	$ 6,842	$48,331,248	$ (53,596,472)	$ (5,258,382)

NeurAxis, Inc.
Condensed Statements of Stockholders' Equity (Deficit) (Unaudited)

	For the Three and Six Months Ended June 30, 2025						
	Convertible Series B Preferred Stock		Common Stock		Additional Paid In	Accumulated	Stockholders' Equity
	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficit)
Balances at January 1, 2025	4,280,939	$ 4,281	6,990,227	$ 6,990	$58,856,089	$(56,799,612)	$ 2,067,748
Warrants exercised	-	-	186,166	186	(186)	-	-
Common stock issued from agreements	-	-	39,471	40	112,453	-	112,493
Vesting of restricted stock awards	-	-	-	-	356,922	-	356,922
Net loss	-	-	-	-	-	(2,278,684)	(2,278,684)
Balances at March 31, 2025	4,280,939	$ 4,281	7,215,864	$ 7,216	$59,325,278	$(59,078,296)	$ 258,479
Warrants exercised	-	-	720,359	720	1,002,271	-	1,002,991
Conversion of Series B Preferred Stock to common stock	(384,032)	(384)	384,032	384	-	-	-
Issuance of common stock pursuant to shelf registration statement	-	-	1,538,461	1,539	4,998,460	-	4,999,999
Offering costs	-	-	-	-	(490,799)	-	(490,799)
Vesting of restricted stock awards	-	-	-	-	173,042	-	173,042
Net loss	-	-	-	-	-	(1,690,418)	(1,690,418)
Balances at June 30, 2025	3,896,907	$ 3,897	9,858,716	$ 9,859	$65,008,252	$(60,768,714)	$ 4,253,294

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

NeurAxis, Inc.
Condensed Statements of Cash Flows (Unaudited)

	For the Six Months Ended June 30,	
	2025	**2024**
Cash Flows from Operating Activities		
Net Loss	**$ (3,969,102)**	$ (5,038,361)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization of debt discount and issuance cost	**—**	85,500
Provision for losses on inventory	**12,741**	—
Depreciation and amortization	**19,241**	21,707
Provisions for losses on accounts receivable	**—**	20,001
Loss on disposal of property and equipment	**168**	—
Non-cash lease expense	**28,001**	31,152
Stock-based compensation	**278,854**	227,000
Issuance of common stock for non-cash consideration	**—**	831,382
Issuance of warrants for non-cash consideration	**—**	60,396
Change in fair value of warrant liabilities	**(1,712)**	1,708
Changes in operating assets and liabilities:		
Accounts receivable	**116,100**	(93,964)
Inventory	**(99,845)**	(21,490)
Prepaids and other current assets	**32,295**	13,342
Accounts payable	**(132,430)**	(85,902)
Accrued expenses	**407,812**	1,007,508
Customer deposits	**(600)**	7,175
Operating lease liability	**(30,208)**	(14,449))
Other non-current liabilities	**267,540**	—
Net cash used in operating activities	**(3,071,145)**	(2,947,295)
Cash Flows from Investing Activities		
Additions to property and equipment	**(25,288)**	(23,408)
Net cash used in investing activities	**(25,288)**	(23,408)
Cash Flows from Financing Activities		
Offering costs paid	**(459,999)**	—
Proceeds from issuance of common shares	**4,999,999**	—
Proceeds from exercised warrants	**1,002,991**	26,180
Principal payments on notes payable	**(154,972)**	(109,263)
Proceeds from convertible notes, net of fees	**—**	4,740,500
Net cash provided by financing activities	**5,388,019**	4,657,417
Net Increase in Cash and Cash Equivalents	**2,291,586**	1,686,714
Cash and Cash Equivalents at Beginning of Period	**3,696,870**	78,560
Cash and Cash Equivalents at End of Period	**$ 5,988,456**	$ 1,765,274
Supplemental Disclosure of Operating Activities		
Cash paid for interest	**$ 3,701**	$ 27,670
Cash refunded for income taxes	**12,977**	—
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Recognition of right of use asset	**$ —**	$ 284,339
Common stock issued upon cashless exercise of warrants	**186**	—
Common stock issued upon cashless conversion of Series B Preferred Stock	**384**	—
Fair value of warrants from debt discount in convertible notes classified as additional paid in capital	**—**	97,465
Issuance of note payable to financing company for software subscription	**122,253**	—

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

1. Basis of Presentation, Organization and Other Matters

NeurAxis, Inc. ("we," "us," the "Company," or "NeurAxis") was established in 2011 and incorporated in the state of Indiana in 2012 under the name of Innovative Health Solutions, Inc. The name was changed to NeurAxis, Inc. in 2022 when the Company filed a Certificate of Conversion and became a Delaware corporation.

The Company is headquartered in Carmel, Indiana, and specializes in the development, production, and sale of medical neuromodulation devices. The Company has developed four FDA cleared products: (i) the IB-STIM (DEN180057, 2019), (ii) the Rectal Expulsion Device ("RED") (K242304,2024), (iii) the NSS-2 Bridge (DEN170018, 2017) and (iv) the original 510(K) clearance (K140530, 2014).

- The IB-STIM is a percutaneous electrical nerve field stimulator (PENFS) device that is indicated in patients 8-21 years of age with functional abdominal pain associated with irritable bowel syndrome.

- RED is indicated to evaluate the neuromuscular function of a patient's ability to expel its contents from the rectum and as a qualitative test for rectal hypersensitivity patients who experience desire or urge to defecate at lower volumes of distention. RED is intended to be used in a clinical setting by trained health care providers in adult populations.

- The NSS-2 Bridge is a percutaneous nerve field stimulator (PNFS) device indicated for use in the reduction of the symptoms of opioid withdrawal and was licensed to Masimo Corporation ("Masimo"). Masimo marketed and sold this product as its Masimo Bridge. On July 1, 2025, the Company terminated the NSS-2 Bridge license with Masimo in exchange for $200,000 of consideration payable in equal installments on December 31, 2025 and June 30, 2026. The termination agreement allowed the Company to recapture the rights to the trademark (U.S. Registration No. 7,394,465) and two patent applications (Application No. 18/821,225 and Application No. 29/960,608) that were licensed to Masimo on April 9, 2020.

- The original 510(K) device was an Electroacupuncture Device ("EAD"), now called NeuroStim. The EAD is no longer being manufactured, sold or distributed but reserved only for research purposes.

The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and follow the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP can be condensed or omitted. These interim financial statements have been prepared on the same basis as the Company's annual financial statements and, in the opinion of management, reflect all adjustments which are necessary for a fair presentation of the Company's financial information. These unaudited interim results are not necessarily indicative of the results to be expected for the year ending December 31, 2025, or any other interim period or for any other future year. These unaudited financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2024.

2. Summary of Significant Accounting Policies

Use of Estimates and Critical Accounting Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

These significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to these estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience, and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. The Company uses estimates in accounting for, among other items, revenue recognition, allowance for credit losses, stock-based compensation, income tax provisions, excess and obsolete inventory reserve, and impairment of property and equipment, and intellectual property. Actual results could differ from those estimates.

Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable is stated at the amount management expects to collect from outstanding balances, net of an allowance for credit losses. Management evaluates many factors when determining the collectability of specific customer accounts, including, but not limited to, creditworthiness, past transaction and payment history, current economic industry trends and changes in payment terms. Management used assumptions and judgment based on the best available facts and circumstances to estimate and record an allowance. The Company estimates credit losses on accounts receivable by utilizing an aging schedule. The allowance for credit losses was $5,000 and $5,000 as of June 30, 2025 and December 31, 2024, respectively. The Company recorded credit losses of $20,324 and $33,959 for the three and six months ended June 30, 2024, respectively. There were no credit losses for the three and six months ended June 30, 2025.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the weighted average method. The inventory is comprised of finished medical devices on hand. Certain components within the devices have an expiration date that are removed from current inventory and expensed at the date of expiration. The Company recorded expired and other inventory charges of $12,174 and $12,174 for the three and six months ended June 30, 2025, respectively. There were no expired inventory charges recorded for the three and six months ended June 30, 2024. Inventory reserves totaled $17,195 and $4,454 as of June 30, 2025 and December 31, 2024, respectively.

Fair Value Measurements

The Company accounts for financial instruments in accordance with ASC 820, Fair Value Measurements and Disclosures (“ASC 820”). ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

> Level 1 – Quoted prices (unadjusted) for identical unrestricted assets or liabilities in active markets that the reporting entity has the ability to access as of the measurement date.
>
> Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities: quoted prices in markets that are not active; or financial instruments for which all significant inputs are observable or can be corroborated by observable market date, either directly or indirectly.
>
> Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect that reporting entity’s own assumptions about assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value require significant management judgment or estimation.

The Company’s Level 1 accounts include cash, accounts receivable, accounts payable, prepaids, and other current assets. Management believes the estimated fair value of these accounts on June 30, 2025 approximate their carrying value as reflected in the balance sheets due to the short-term nature of these instruments or the use of market interest rates for debt instruments.

The Company's Level 3 accounts include warrant liabilities. Inputs to determine fair value are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. The valuation techniques involve management's estimates and judgment based on unobservable inputs. The fair value estimates may not be indicative of the amounts that would be realized in a market exchange. Additionally, there may be inherent uncertainties or changes in the underlying assumptions used, which could significantly affect the current or future fair value estimates. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

There were no transfers between any of the levels during the periods ended June 30, 2025 and December 31, 2024. In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company had no assets that were measured on a nonrecurring basis as of June 30, 2025 and December 31, 2024.

Basic and Diluted Net Income (Loss) per Share

Basic earnings or loss per share ("EPS") is computed by dividing net income (loss), net of preferred stock dividends, by the weighted average number of common shares outstanding during the period. Diluted EPS is determined using the weighted average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents that were outstanding for the periods presented. In periods when losses are reported, which is the case for the three and six month periods ended June 30, 2025 and 2024, respectively, presented in these financial statements, the weighted average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

The Company had the following potentially dilutive common stock equivalents:

	June 30,	
	2025	**2024**
Options	1,319,394	1,319,394
Pre-Funded Warrants for Common Stock	—	289,779
Restricted Stock Units	852,214	—
Warrants	1,419,524	1,880,307
Series B Preferred Stock	3,896,907	—
Undeclared Cumulative Series B Preferred Stock Dividends	265,662	—
Totals	7,753,701	3,489,480

The following table presents the calculation of the basic and diluted net loss per share and the effect of preferred stock dividends:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	**2024**	**2025**	**2024**
Numerator:				
Net loss	$ (1,690,418)	$ (2,917,710)	$ (3,969,102)	$ (5,038,361)
Preferred stock dividends	(207,465)	-	(421,008)	-
	(1,897,883)	(2,917,710)	(4,390,110)	(5,038,361)
Denominator:				
Weighted average shares of common stock outstanding - basic and diluted	8,520,596	6,921,004	7,903,726	6,902,841
Basic and diluted net loss per share	$ (0.22)	$ (0.42)	$ (0.56)	$ (0.73)

Stock-Based Compensation

The Company accounts for all stock-based awards at fair value. The Company recognizes its stock-based compensation expense using the straight-line method. Compensation cost is not adjusted for estimated forfeitures, but instead is adjusted upon actual forfeiture.

The Company accounts for the granting of stock options and restricted stock units to employees and non-employees using the fair value method whereby all awards are measured at fair value on the date of the grant. The fair value of all employee stock options and restricted stock units is expensed over the requisite service period with a corresponding increase to additional paid-in capital. Upon exercise of stock options, the consideration paid by the option holder is recorded in additional paid-in capital, while the par value of the shares received is reclassified from additional paid-in-capital to common stock. Upon vesting of restricted stock units, the par value of the shares issued are reclassified from additional paid-in-capital to common stock.

Stock-based awards to non-employees are measured based on the fair value of the equity instrument issued. Compensation expense for non-employee stock awards is recognized over the requisite service period following the measurement of the fair value on the grant date.

The Company uses the Black-Scholes option-pricing model to calculate the fair value of stock options. The use of the Black-Scholes option-pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected term of the option, risk-free interest rates, the value of the common stock and expected dividend yield of the common stock. Changes in these assumptions can materially affect the fair value estimate.

Revenue Recognition

In accordance with FASB's ASC 606, Revenue from Contracts with Customers, ("ASC 606"), the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, it performs the following five steps:

(i) identify the contract(s) with a customer;
(ii) identify the performance obligations in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company applies the five-step model to contracts when it determines that it is probable it will collect substantially all the consideration it is entitled to in exchange for the goods or services it transfers to the customer. At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price, after consideration of variability and constraints, if any, that is allocated to the respective performance obligation when the performance obligation is satisfied.

The Company offers a Patient Assistance Program for patients without insurance coverage for IB-Stim. This program extends potential self-pay discounts for IB-Stim devices, based upon household income and size.

Also, the Company offers providers an opt-in program to address adequate insurance claim payments on IB-Stim devices. This program may extend a rebate or invoice credit where the insurance payment and patient responsibility (i.e., deductible, co-payment, and/or co-insurance amounts required by the Payer) are less than the acquisition cost of the IB-Stim device. The Company recognizes revenue at such a time that collection of the amount due is assured.

Certain economic factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows. All of the Company's products are sold to healthcare customers including hospitals, clinics and physician offices. Sales to healthcare customers generally lack seasonality and have a mild correlation with economic cycles. All of the Company's sales are to customers located within the United States. Sales contracts consist of purchase orders that are short-term (i.e., less than or equal to one year).

The Company typically satisfies its performance obligations for goods at a point in time as they are received at the customer's destination (rather than over time). Goods are shipped by common carrier to customers under FOB destination terms. As such, ownership of goods in transit is transferred to the customer upon receipt as the Company bears the associated risks (e.g., loss, damage, delay). Management typically relies on shipping information from common carriers to evaluate when the customer has obtained control of the goods. Shipping and handling costs are recorded as Cost of Goods Sold in the Statements of Operations.

The Company's contracts with customers typically do not involve variable consideration. The information that the Company uses to determine the transaction price for a contract is similar to the information that the Company's management uses in establishing the prices of goods to be sold.

Orders may not be cancelled after shipment. Customers may return devices within 10 days of delivery if the goods are found to be defective, nonconforming, or otherwise do not meet the stated technical specifications. At the option of the customer, the Company shall either:

- Refund the price paid for any defective or nonconforming products.
- Supply and deliver to the customer replacement conforming products.
- Reimburse the customer for the cost of repairing any defective or nonconforming products.

At the time revenue is recognized, the Company estimates expected returns and excludes those amounts from revenue. The Company also maintains appropriate accounts to reflect the effects of expected returns on the Company's financial position and periodically adjusts those accounts to reflect its actual return experience. The estimated returns reserve totaled $5,000 and $5,000 as of June 30, 2025 and December 31, 2024, respectively.

Payment for goods sold by the Company is typically due after an invoice is sent to the customer, within 30 days. The Company does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date. None of the Company's contracts have a significant financing component.

Medical devices that the Company contracts to sell and transfer to customers are manufactured by two third-party manufacturers located in Indiana and Michigan. In no case does the Company act as an agent (i.e., the Company does not provide a service of arranging for another party to transfer goods to the customer).

Going Concern

As of June 30, 2025, we had stockholders' equity of $4,253,294 and short-term outstanding borrowings of $121,433. Additionally, we had cash of $5,988,456 and a working capital surplus of $4,271,446 as of June 30, 2025. However, we have incurred losses and negative cash flows from operations since inception and have funded our operations primarily with a combination of sales, debt, and the sale of capital stock.

Our future capital requirements will depend upon many factors, including progress with developing, manufacturing, and marketing our technologies, the time and costs involved in preparing, filing, prosecuting, maintaining, and enforcing patent claims and other proprietary rights, our ability to establish collaborative arrangements, marketing activities and competing technological and market developments, including regulatory changes and overall economic conditions in our target markets. Our ability to generate revenue and achieve profitability requires us to successfully market and secure purchase orders for our products from customers currently identified in our sales pipeline and to new customers as well. The primary activity that will drive all customers and revenues is the adoption of insurance coverage by commercial insurance carriers nationally, which is a top priority of the Company. These activities, including our planned research and development efforts, will require significant uses of working capital through the rest of 2025 and beyond.

Management evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the date the financial statements are issued.

While the Company believes in the viability of its strategy to further implement its business plan and generate sufficient revenues and in its ability to raise additional funds by way of a public or private offering of its debt or equity securities, there can be no assurance that it will be able to do so on reasonable terms, or at all. The ability of the Company to continue as a going concern is dependent upon its ability to further implement its business plan and generate sufficient revenues and its ability to raise additional funds by way of a public or private offering. Neither future cash generated from operating activities, nor management's contingency plans to mitigate the risk and extend cash resources through the evaluation period, are considered probable. As a result, substantial doubt is deemed to exist about the Company's ability to continue as a going concern. As we continue to incur losses, our transition to profitability is dependent upon achieving a level of revenues adequate to support its cost structure. We may never achieve profitability, and unless and until doing so, we intend to fund future operations through additional dilutive or nondilutive financing. There can be no assurances, however, that additional funding will be available on terms acceptable to us, if at all.

The financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic (220-40): Disaggregation of Income Statement Expenses,* which requires disclosures that disaggregate, in a tabular presentation, each relevant expense caption on the face of the income statement that includes inventory purchases, employee compensation, depreciation and intangible amortization expense. Additional disclosures are also required to provide a qualitative description of the amounts in an expense caption that are not separately disaggregated quantitatively and the total amount of selling expenses including a definition. Public business entities are required to adopt the standard for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Disclosures are required for all prior periods presented in the financial statements. Although the standard requires enhanced disclosures, the adoption is not expected to have a material impact on the Company's financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* which requires the enhancement of income tax disclosures to provide better insight into how an entity's operations and related tax risks, planning and opportunities affect its tax rate and prospects for future cash flows. The enhanced disclosures require (i) specific categories in a tabular rate reconciliation including both amounts and percentages and (ii) additional information for reconciling items and income tax paid that meet a quantitative threshold. Public business entities are required to adopt the standard for annual periods beginning after December 15, 2024. All other entities are required to adopt the standard for annual periods beginning after December 15, 2025. The adoption of the standard is not expected to have a material impact on the Company's financial statements.

3. Related Party Transactions

The Company has two demand notes receivable from shareholders related to the sale of common stock on January 1, 2016. Both notes' principal balances are $506,400, with interest calculated monthly based on applicable federal rates. No payments have been received on the notes. Since repayment is not assured, the Company provided an allowance for the entire balance of principal and interest as of December 31, 2019. The current allowance is $1,012,800 as of June 30, 2025. The current loan balances are as follows:

	June 30, 2025			December 31, 2024		
	Loan Receivable	Interest Receivable	Interest Income	Loan Receivable	Interest Receivable	Interest Income
Shareholder 1	$ 506,400	$ 104,694	$ 10,343	$ 506,400	$ 94,351	$ 23,413
Shareholder 2	506,400	104,559	10,343	506,400	94,216	23,413
Principal balance	1,012,800	209,253	20,686	1,012,800	188,567	46,826
Allowance for collection risk	(1,012,800)	(209,253)	(20,686)	(1,012,800)	(188,567)	(46,826)
Net balance	$ —	$ —	$ —	$ —	$ —	$ —

The Company was granted an exclusive, worldwide non-transferable, royalty-free license for the auricular portion of certain patents owned by a limited liability company in which the Company's President and Chief Executive Officer and Chief Regulatory, Compliance and Privacy Officer both maintain an ownership interest. The license allows for the development, marketing and sales of electro-therapy treatments by stimulation of cranial nerves, cranial nerve branches, auricular nerves, auricular nerve branches, auricular nerve bundles and auricular anatomical structures in human patient. The exclusive license agreement expires on October 18, 2037, may be terminated by either party upon 60 days prior written notice and requires the Company to pay costs associated with the maintenance, prosecution and continuation of patent filings. The Company's Board of Directors pre-approved the reimbursement of up to $10,000 for the year ending December 31, 2025. No license costs were incurred for the three months ended June 30, 2025 and 2024, respectively. The license costs totaled $1,317 and $0 for the six months ended June 30, 2025 and 2024, respectively. No amounts were owed to the limited liability company as of June 30, 2025 and December 31, 2024, respectively.

From time to time, a member of the Company's Board of Directors purchases IB-STIM devices from the Company at cost to conduct research and development activities. The Company's Board of Directors pre-approved the sale of these IB-STIM devices up to $16,000 for the year ended December 31, 2025. The Company sold IB-STIM devices for a total of $4,394 and $978 for the three months ended June 30, 2025 and 2024, respectively, and $6,351 and $978 for the six months ended June 30, 2025 and 2024, respectively.

The Company's former Chief Financial Officer is contracted for services through a third-party public accounting firm. He was the firm's managing partner and majority shareholder. The firm is engaged by the Company to provide accounting and tax services on a continuous basis. The services totaled $9,808 and $43,560 for the three months ended June 30, 2025 and 2024, respectively, and $31,679 and $91,168 for the six months ended June 30, 2025 and 2024, respectively. The Company owed the firm $2,596 and $4,173 as of June 30, 2025 and December 31, 2024, respectively, that is included in accounts payable in the Condensed Balance Sheets. On June 28, 2024, the Company also issued 20,000 common shares with a fair value $55,600 to the former Chief Financial Officer for services rendered during the IPO process.

4. Prepaids and Other Current Assets

Prepaids and other current assets consisted of the following:

	June 30, 2025	December 31, 2024
Prepaid insurance	$ 44,985	$ 186,028
Prepaid software subscriptions	176,940	39,834
Other	148,400	54,505
Total prepaids and other current assets	$ 370,325	$ 280,367

5. Accrued Expenses

Accrued expenses consisted of the following:

	June 30, 2025	December 31, 2024
Compensation and benefits	$ 1,040,099	$ 1,261,317
Settled litigation	375,000	-
Legal fees	107,045	43,891
Interest	66,648	66,648
Advisory fees	-	176,750
Other	63,996	29,174
Total accrued expenses	$ 1,652,788	$ 1,577,780

6. Notes Payable

Promissory Notes

On August 9, 2024, the Company entered into a $210,000 promissory note to finance the premiums of a business insurance policy, bearing interest at a rate of 7.40% per annum that matured on June 9, 2025. On November 1, 2024, the Company entered into a second promissory note with a principal balance of $64,328 to finance premiums of other business insurance policies, bearing interest at a rate of 7.65% per annum and maturing on September 1, 2025. On May 26, 2025, the Company entered into a third promissory note with a principal balance of $122,253 to finance subscription fees on certain software arrangements maturing on March 1, 2027. The outstanding principal was $121,433 and $154,152 as of June 30, 2025 and December 31, 2024, respectively.

2024 Convertible Notes

On November 8, 2023, the Company entered into a Securities Purchase Agreement ("SPA") with a shareholder for the issuance 1,260,504 shares of Series B Convertible Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock"), for an aggregate purchase price of $3,000,000 paid in 15 monthly installments of $200,000 each, commencing on the later of January 10, 2024 or a date after stockholder approval of an amendment to the Company's Certificate of Incorporation to authorize the creation of the Series B Preferred Stock. The Series B Preferred Stock was convertible at any time into shares of common stock of the Company without any further consideration. Following the issuance of the Series B Preferred Stock, it would rank senior to the common stock with respect to payments upon the liquidation, dissolution and winding up of the Company. Due to a delay in the stockholder approval, the Company amended the SPA on February 12, 2024 to issue a convertible promissory note, due and payable on the earlier of 15 months or 12 months if the Series B Preferred Stock has not been authorized, convertible into Series B Convertible Preferred Stock with identical funding amounts and terms (the "$3,000,000 Convertible Promissory Note"). The shareholder funded $800,000 of the $3,000,000 commitment in 2024.

The Company then proceeded to enter into a series of incremental convertible promissory notes with other investors totaling $1,135,000 with terms identical to the $3,000,000 Convertible Promissory Note (collectively referred to as the "Original 2024 Convertible Promissory Notes") for an aggregate principal amount of $1,935,000.

The 2024 Original Convertible Promissory Notes earned interest at 8.5% per annum payable quarterly in either cash or common stock at the election of the Company. At any time following the date of shareholder approval to authorize the creation of Series B Preferred Stock prior to the maturity date, the investor may elect to convert all or part of the principal into the Company's Series B Preferred Stock at a conversion price per share equal to $2.38. Without limiting the foregoing, all principal amounts outstanding on the maturity date will automatically convert into the Company's Series B Preferred Stock. The Series B Preferred Stock is entitled to cumulative dividends at 8.5% per annum (whether or not declared) payable quarterly in either cash or common stock at the $2.38 conversion price at the election of the Company. Upon conversion to Series B Preferred Stock, the investor may elect, at its option at any time, to convert all or part of the Series B Preferred Stock plus accrued but unpaid dividends into an equivalent amount of common stock at the $2.38 conversion price.

Subsequently, the Company entered into three convertible promissory notes with related institutional accredited investors with terms similar to the Original 2024 Convertible Promissory Notes (collectively referred to as the "Amended 2024 Convertible Promissory Notes") for an additional principal amount of $3,000,000. Certain provisions to the SPA and Certificate of Designation previously issued on February 12, 2024 changed, including (i) the number of shares of preferred stock to be designated as Series B Preferred Stock was increased to 4,000,000 shares, (ii) the stated value of the Series B Preferred Stock was changed to $2.38 per share, (iii) the right to receive dividends will expire automatically on June 30, 2025, (iv) the liquidation rights will automatically expire on June 30, 2025, and (v) the number of shares of the common stock that a holder of Series B Preferred Stock is entitled to receive shall not exceed the maximum percentage chosen by the holder, which is initially set at between 4.99% and 19.99% until shareholder approval is obtained, of the number of outstanding shares of the common stock at the time of the conversion of the Series B Preferred Stock shares.

The maturity date was on the earlier of (i) June 21, 2025, (ii) upon written demand occurring on or after March 21, 2025 in the event that the Series B Preferred Stock has not been duly authorized on or before such date, or (iii) immediately upon the occurrence of an event of default. Automatic conversion into shares of Series B Preferred Stock (at a conversion price of $2.38 per share) would occur following the date of shareholder approval. In the event the Company failed to obtain shareholder approval before August 15, 2024, rights existed to convert the outstanding amount into shares of the common stock, at a price per share of $2.38.

As of August 15, 2024, the Company received $4,935,000 of the principal amount of the Amended 2024 Convertible Notes with the remainder due in monthly installments through March of 2025 resulting in an effective interest rate of 12.5%. On August 15, 2024, the Company's shareholders authorized 5,000,000 shares of preferred stock of which 4,000,000 shares were designated as $0.001 par value Series B preferred stock. Pursuant to the terms of the Amended 2024 Convertible Promissory Notes, the outstanding principal balance of $4,935,000 was mandatorily converted into 2,073,524 Series B Preferred Shares at a conversion price of $2.38 on August 15, 2024. Amortization of the debt discount on the Amended 2024 Convertible Notes totaled $63,817 and $85,500 for the three and six months ended June 30, 2024. There was no amortization of the debt discount for the three and six months ended June 30, 2025 as the unamortized debt discount of $165,577 was reclassified to Additional Paid-In-Capital in the Statements of Stockholders' Equity (Deficit) on August 15, 2024 upon mandatory conversion.

Interest expense totaled $13,434 and $80,697 for the three months ended June 30, 2025 and 2024, respectively, and $15,672 and $107,257 for the six months ended June 30, 2025 and 2024, respectively. The Company's accrued interest totaled $66,648 as of June 30, 2025 and December 31, 2024.

7. Leases

The Company's leases are comprised of operating leases for office space. At the inception of the lease, the Company determines whether the lease contract conveys the right to control the use of identified property for a period of time in exchange for consideration. Leases are classified as operating or finance leases at the commencement date of the lease. Operating leases are recorded as operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the Balance Sheets. The Company did not have any finance leases as of June 30, 2025 and December 31, 2024.

The Company has two leases primarily consisting of office space in Versailles and Carmel, Indiana. The lease in Versailles started January 1, 2022 and had a term of one year, with automatic one year renewal, unless 60 day notice of vacating is given, commencing on the execution hereof and continuing through December 31st of each year. The current monthly lease payment for this lease is $1,800 with a 4% per annum increase. A new lease in Carmel, Indiana commenced January 1, 2024. The initial term is five years and five months. The monthly lease payment started at $6,721 with an annual increase of 2.5%. The Company was only obligated to pay an amount equal to 50% of the monthly base rent for the first 10 months of the term.

The Company recognized operating lease expense of $25,558 and $20,667 for the three months ended June 30, 2025 and 2024, respectively, and $51,082 and $46,423 for the six months ended June 30, 2025 and 2024, respectively, including short-term lease expense and variable lease costs.

On May 19, 2025, the Company terminated its lease in Versailles, Indiana, effective July 31, 2025, without penalty due to relocation of the office space to Batesville, Indiana, with the same landlord effective August 1, 2025.

The following table presents information related to the Company's operating leases:

	June 30, 2025	December 31, 2024
Operating lease right-of-use assets	$ 256,656	$ 284,656
Other current liabilities	69,165	62,754
Operating lease liabilities	219,880	256,499
	$ 289,045	$ 319,253
Weighted-average remaining lease term (in years)	3.66	2.75
Weighted-average discount rate	15.0%	15.0%

As of June 30, 2025, the maturities of the Company's operating lease liabilities were as follows:

2026	$ 106,618
2027	97,481
2028	87,942
2029	82,539
Total lease payments	374,580
Less: imputed interest	(85,535)
Total present value of lease payments	$ 289,045

8. Common Stock and Warrants

The Company authorized 100,000,000 shares of common stock, of which 9,858,716 and 6,990,227 shares were issued and outstanding as of June 30, 2025 and December 31, 2024, respectively.

On June 30, 2025, the Company issued 289,779 shares of common stock to an investor upon the exercise of an equivalent amount of common stock warrants for gross proceeds of $29.

On June 9, 2025, the Company issued 42,016 shares of common stock to an investor upon conversion of an equivalent amount of Series B Preferred Stock.

On May 22, 2025, the Company issued 1,538,461 shares of common stock for gross proceeds totaling $4,999,999 pursuant to a securities purchase agreement with certain institutional investors at a purchase price of $3.25 per share of common stock. The common shares were offered by the Company pursuant to its shelf registration statement on Form S-3 (File No. 333-283798) which was declared effective by the Securities and Exchange Commission on February 11, 2025, a base prospectus dated February 11, 2025 and a prospectus supplement dated May 20, 2025. The placement agent fees and other offering expenses totaled $490,799 for the three and six months ended June 30, 2025.

On May 21, 2025, the Company issued 430,580 shares of common stock to certain investors upon the exercise of an equivalent amount of common stock warrants for gross proceeds of $1,002,962.

On May 20, 2025, the Company issued 342,016 shares of common stock to certain investors upon conversion of an equivalent amount of Series B Preferred Stock.

On January 17, 2025, the Company issued (i) 39,471 shares of common stock with a fair value of $112,493 to its Board of Directors for their service from April 1, 2024 through December 31, 2024, which was recorded as general and administrative expense in the Condensed Statements of Operations and (ii) 186,166 shares of common stock to an investor in exchange for 502,647 warrants in a cashless exercise transaction with $186 reclassified from additional paid in capital to common stock in the Condensed Statements of Stockholders' Equity (Deficit).

During the three months ended June 30, 2024, the Company issued (i) 53,063 shares of common stock to an existing shareholder to settle a convertible note dispute with a fair value of $230,823, (ii) 90,032 shares of common stock to pre-IPO Series A Preferred Stock shareholders to settle certain claims with a fair value of $286,458, (iii) 33,454 shares of common stock to holders of the Amended 2024 Convertible Promissory Notes in lieu of $79,588 in cash payments for interest through June 30, 2024, (iv) 24,343 shares of common stock to its Board of Directors for their service from the Company's IPO on August 9, 2023 through March 31, 2024 with a fair value of $67,672, (v) 25,832 shares of common stock to its previous Chief Financial Officer in accordance with a severance agreement at a fair value of $78,788 and (vi) 20,000 shares of common stock to it previous Chief Financial Officer for services provided during the IPO with a fair value of $55,600.

During the three months ended March 31, 2024, the Company issued (i) 11,000 shares of common stock upon the exercise of warrants for $26,180, (ii) 75,000 shares of common stock as payment to a vendor for services with a fair value of $200,250 pursuant to a consulting agreement related to the Company's transition to a public company.

The following is a summary of warrant activity for common stock during the six months ended June 30, 2025 and year ended December 31, 2024:

	Number of Warrants for Common Stock	Weighted-Avg. Exercise Price	Weighted-Avg. Remaining Contractual Life
Outstanding as of January 1, 2024	1,822,358	$ 4.69	3.05
Granted	861,424	2.38	3.49
Canceled	(30,252)	2.38	4.79
Exercised	(11,000)	2.38	3.61
Outstanding as of December 31, 2024	2,642,530	2.41	2.93
Exercised	(1,223,006)	1.80	2.10
Outstanding as of June 30, 2025	1,419,524	$ 2.44	2.77

The following table summarizes the Company's warrants outstanding and exercisable as of June 30, 2025:

	Number of Warrants Outstanding	Exercise Price	Expiration Date
Investor Warrant	12,852	$ 8.76	September 18, 2028
2022 Convertible Notes	227,098	$ 2.38	Various in 2027
2023 Convertible Notes	971,916	$ 2.38	Various in 2028
Underwriter Warrants	131,146	$ 2.38	August 8, 2028
Advisory Agreement Warrants	76,512	$ 2.38	Various in 2029
	1,419,524		

9. Preferred Stock

On August 15, 2024, the Company's shareholders authorized 5,000,000 shares of preferred stock of which 4,000,000 shares were designated as $0.001 par value Series B Preferred Stock with 3,896,907 shares issued and outstanding as of June 30, 2025. Series B Preferred Stock shareholders vote with Common Stock shareholders on an as-converted basis and not as a separate class. Cumulative dividends accrue at 8.5% per annum and are due and payable in either cash for common shares as the Company's discretion on a quarterly basis through June 30, 2025. Series B Preferred Stock converts to common stock on a 1:1 basis, subject to adjustments for stock dividends, splits, combinations and similar events as well as unpaid dividends thereon, solely at the election of the holder at any time.

Prior to August 15, 2024 the Company had 1,000,000 and 120,000 shares authorized as Series A and Series Seed Preferred Stock, respectively, of which zero shares are issued and outstanding for both classes of preferred stock as of December 31, 2023, respectively. The Series A and Series Seed Preferred Stock (i) voted together with common stock on an as-converted basis, and not as separate classes and (ii) converted 1:1 to common stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations, and similar events. The Series A Preferred Stock carried an annual 8% cumulative dividend, payable upon any liquidation, dissolution or winding up of the Company. For any other dividends or distributions, the Series A Preferred Stock participated with common stock on an as-converted basis. The Company's 1,000,000 shares of Series A Preferred Stock and 120,000 shares of Series Seed Preferred Stock were retired on August 15, 2024.

Pursuant to the terms of the Amended 2024 Convertible Notes, the principal balance of $4,935,000 on August 15, 2024 was mandatorily converted into 2,073,524 Series B Preferred Shares at a conversion price of $2.38. Subsequently, the Company then proceeded to issue 64,913 shares of Series B Preferred Stock to various investors for $154,500.

On November 11, 2024, the Company's shareholders authorized (i) an increase in the number of designated Series B Preferred Stock to 5,000,000 shares and (ii) an extension of the 8.5% per annum cumulative dividend period to December 31, 2026. Subsequently, the Company issued 2,100,840 shares of Series B Preferred Stock to a dedicated life sciences fund for $5,000,000 and 41,662 shares of Series B Preferred Stock to various investors for $99,164.

On May 20, 2025, the Company issued 342,016 shares of common stock to certain investors upon conversion of an equivalent amount of Series B Preferred Stock.

On June 9, 2025, the Company issued 42,016 shares of common stock to an investor upon conversion of an equivalent amount of Series B Preferred Stock.

Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the Series B Preferred Stock shareholders maintain priority preference over all other classes of capital stock. A merger or consolidation (other than one in which stockholders of the Company own a majority by voting power of the outstanding shares of the surviving or acquiring corporation) and a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company will be treated as a liquidation event, thereby triggering payment of the liquidation preferences.

As of June 30, 2025 and December 31, 2024, preferred stock dividends were neither declared nor paid. Series B Preferred Stock undeclared cumulative dividends totaled $207,465, or $0.02 per share, and $421,008, or $0.05 per share, for the three and six months ended June 30, 2025, respectively. Series B Preferred Stock did not exist before August 15, 2024.

10. Stock-Based Compensation

Restricted Stock Units

Pursuant to the NeurAxis, Inc. 2022 Omnibus Securities and Incentive Plan, the Company initiated grants of restricted stock units ("RSUs") on January 3, 2025, March 4, 2025 and May 15, 2025 to certain employees as follows:

	Number of RSUs	Weighted Average Fair Value
Outstanding as of December 31, 2024	—	$ —
Granted	852,214	2.32
Outstanding as of June 30, 2025	852,214	$ 2.32
Vested as of June 30, 2025	12,868	$ 2.31

The RSUs are subject to a three-year cliff-vesting period and are payable in shares of the Company's common stock. The RSUs fully vest upon (i) death or disability or (ii) change of control. Dividend equivalents accrue on RSUs and are paid upon vesting; there were no accrued dividends on unvested RSUs as of June 30, 2025. No RSUs were granted during the year ended December 31, 2024.

Total stock-based compensation expense related to RSUs is classified in the Company's Condensed Statements of Operations as general and administrative expense and amounted to $173,043 and $0 for the three months ended June 30, 2025 and 2024, respectively, and $278,854 and $227,000 for the six months ended June 30, 2025 and 2024, respectively. As of June 30, 2025, total unrecognized stock-compensation expense relating to unvested stock awards granted under the Company's share-based compensation plans amounted to $1,443,287.

Stock Options

The following is a summary of the Company's outstanding stock options as of June 30, 2025 and December 31, 2024:

	Number of Options	Weighted Avg. Remaining Contractual Life (in years)	Weighted Avg. Exercise Price	Aggregate Intrinsic Value
Outstanding as of December 31, 2024	1,319,394	4.69	$ 6.94	$ —
Outstanding as of June 30, 2025	1,319,394	4.19	$ 6.94	$ —
Vested and Exercisable as of June 30, 2025	1,319,394	4.19	$ 6.94	$ —

There was no stock-based compensation expense related to stock options recorded for the three and six months ended June 30, 2025 and 2024.

11. Warrant Liabilities

The Company has evaluated financial instruments arising from warrants that are issued and outstanding as of June 30, 2025 and December 31, 2024. The Company utilizes a Black-Scholes option-pricing model to compute the fair value of the liability and to mark-to-market the fair value of the warrant at each balance sheet date. The inputs utilized in the application of the Black-Scholes option-pricing model included (i) an exercise price of $8.76 per share, (ii) an expected remaining term of each warrant based on the remaining contractual maturity of the each warrant, (iii) estimated volatility ranging from 75.0% to 89.9% based on historical stock prices of comparable companies with a look back period commensurate with the period to maturity, (iv) a risk-free interest rate ranging from 3.80% to 4.38% based on the interest rates of U.S. Treasury Notes consistent with the expected remaining contract term and (v) a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

The following are the changes in the warrant liabilities during the three and six months ended June 30, 2025 and the year ended December 31, 2024:

	Level 3
Warrant liabilities as of January 1, 2024	$ 8,225
Changes in fair value of warrant liabilities	941
Warrant liabilities as of December 31, 2024	9,166
Changes in fair value of warrant liabilities	(1,712)
Warrant liabilities as of June 30, 2025	$ 7,454

12. Segment Information

The Company evaluates the following factors to identify its reportable segments: (i) nature of products and services, (ii) type of customer for the products and services, (iii) sales, production and distribution methods of the products and services and (iv) the nature of the regulatory environment, if applicable. Based on an evaluation of these factors, management concluded that the Company's operations are managed through one reportable segment, IB-STIM, that derives its revenues in the United States from a PENFS device that is used to treat patients 8-21 years of age with functional abdominal pain associated with irritable bowel syndrome. The accounting policies of the IB-STIM segment are the same as those described in the Summary of Significant Accounting Policies (see Footnote 2). The CODM regularly evaluates the performance of the IB-STIM segment for the purpose of allocating resources based on net sales and operating loss, both of which are reported in the Condensed Statements of Operations. The CODM uses net sales to evaluate IB-STIM's adoption and utilization by insurance carriers and physicians. As NeurAxis is an emerging growth company, operating loss is used to monitor the Company's cost structure in order to achieve future segment profitability. Both net sales and operating loss are measured against the budget on a periodic basis to assess achievement toward annual compensation incentive targets. The Company's CODM is its Chief Executive Officer.

The following reconciles the reportable segment net sales and operating loss to the Company's reported net loss:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Net Revenue	$ 894,086	$ 611,500	$ 1,789,741	$ 1,258,135
COGS	146,643	73,458	286,118	148,539
Gross Profit	747,443	538,042	1,503,623	1,109,596
Selling Expenses (a)	142,253	62,274	276,206	142,304
Research & Development (a)	58,319	54,312	108,012	59,882
Compensation and Benefits (a)	1,478,100	1,533,944	2,822,297	2,832,275
Professional Services (a)	283,730	664,508	701,308	1,192,444
Other Operating Expenses (a) (b)	502,899	429,836	1,608,755	921,643
Segment Operating Loss	(1,717,858)	(2,206,832)	(4,012,955)	(4,038,952)
Financing Charges	-	-	-	(230,824)
Interest Expense	(13,434)	(80,697)	(15,672)	(107,257)
Change in Fair Value of Warrant Liability	(119)	7,576	1,712	(1,708)
Amortization of Debt Discount and Issuance Cost	-	(63,817)	-	(85,500)
Other Income	40,993	2,961	57,813	2,961
Other Expense	-	(576,901)		(577,081)
Total Other (Expense) Income, Net	27,440	(710,878)	43,853	(999,409)
Net Loss	$ (1,690,418)	$ (2,917,710)	$ (3,969,102)	$ (5,038,361)

(a) The significant expense categories and amounts align with the segment-level information provided on a regular basis to the CODM.
(b) Other operating expenses include advertising, rent and utilities, insurance, depreciation and amortization, travel, software subscription fees, board fees and bad debt expense.

Total segment assets for IB-STIM amounted to $7,087,999 and $4,757,572 as of June 30, 2025 and December 31, 2024, respectively. Total segment capital expenditures for IB-STIM amounted to $7,288 and $8,686 for the three months ended June 30, 2025 and 2024, respectively, and $25,288 and $23,408 for the six months ended June 30, 2025 and 2024, respectively. Total segment depreciation and amortization amounted to $12,885 and $10,970 for the three months ended June 30, 2025 and 2024, respectively, and $19,241 and $21,707 for the six months ended June 30, 2025 and 2024, respectively.

Significant segment non-cash charges settled in common stock include consulting and advisory fees totaling $0 and $85,731 for the three months ended June 30, 2025, and 2024, respectively, and $112,493 and $285,981 for the six months ended June 30, 2025 and 2024, respectively.

13. Settled Litigation

On February 6, 2019, plaintiff Ritu Bhambhani, M.D., initiated a lawsuit against Innovative Health Solutions, Inc. and others in the United States District Court for the District of Maryland. Plaintiffs Bhambhani and Sudhir Rao subsequently amended the complaint, with the Third Amended Complaint ("Complaint") containing the most recent set of allegations. The Complaint asserted claims under the RICO Act, as well as of fraudulent misrepresentation, intentional misrepresentation by concealment, and civil conspiracy and sought compensatory damages in excess of $5 million, pre-judgment interest, punitive damages, attorney's fees, court costs and designation of the case as a class action. The Complaint stated that the Company, distributors of the Company's product, and medical billing and coding consultants allegedly made misrepresentations to the plaintiffs that the Company's NeuroStim device and related procedures could be billed to, and reimbursed by, Medicare and other insurance payors as a surgically implantable neurostimulator. Plaintiffs claim to have suffered damages when Medicare administrative contractors declined to pay plaintiffs for their use of the device.

On February 11, 2022, the Company filed a motion for summary judgment based upon the plaintiffs not being proper parties to assert claims against the Company. On June 14, 2022, the Court granted the Company's motion for summary judgment and dismissed the Complaint.

On July 14, 2022, plaintiffs Ritu Bhambhani and Sudhir Rao filed a notice of appeal with the Fourth Circuit Court of Appeals. On June 3, 2024, the Fourth Circuit denied the plaintiff's appeal and entered judgment against the plaintiffs. On June 25, 2024, the Fourth Circuit entered its mandate declaring that its judgment against the plaintiffs took effect that day. The plaintiffs did not seek any further review or appeal of that judgment.

Also on July 14, 2022, plaintiffs Ritu Bhambhani, LLC; Box Hill Surgery Center, LLC; Pain and Spine Specialists of Maryland, LLC; and SimCare ASC, LLC initiated a lawsuit against the Company and others in the United States District Court for the District of Maryland. The plaintiffs in this lawsuit are business entities owned or partially owned by the plaintiffs that initiated the litigation described above. The Complaint asserted claims under the RICO Act, as well as fraudulent misrepresentation, intentional misrepresentation by concealment, and civil conspiracy and seeks compensatory damages in excess of $75,000, pre-judgment interest, punitive damages, attorney's fees, and court costs. The Complaint states that the Company, distributors of the Company's product, and medical billing and coding consultants allegedly made misrepresentations to the plaintiffs that the Company's NeuroStim device and related procedures could be billed to, and reimbursed by, Medicare and other insurance payors as a surgically implantable neurostimulator. Plaintiffs claim to have suffered damages when Medicare administrative contractors declined to pay plaintiffs for their use of the device.

On September 28, 2022, the Company filed a motion to dismiss all claims. On May 25, 2023, the Court issued an Order and a Memorandum Opinion which dismissed the plaintiffs' claims related to the RICO Act. The remaining claims are still pending, and no trial date has been set for the case. The Court has vacated its Scheduling Order at the parties' request so that the parties could try to resolve the disputes in both cases through an independent third-party mediator.

On April 25, 2025, the parties reached a tentative $750,000 settlement payable in 12 equal monthly installments beginning in January of 2026 as filed with the United States District Court for the District of Maryland with the settlement agreement duly executed on May 15, 2025. The Company recorded a charge of $11,471 and $630,568 for the three and six months ended June 30, 2025, respectively, in the Condensed Statements of Operations classified as general and administrative expense, while interest expense will be recorded as incurred. As of June 30, 2025, the Company accrued $375,000 as accrued expenses and $267,540 as other non-current liabilities in the Condensed Balance Sheets.

14. Commitments and Contingencies

Manufacturing Services Agreement

The Company is party to a manufacturing services agreement for the manufacture and supply of the Company's IB-STIM device based on the Company's product specifications that automatically renews annually unless either party provides a written termination notice to the other party within 180 days prior to the end of the then-current term. The Company provides the necessary equipment to the manufacturer and retains ownership. The manufacturer bears the risk of loss of and damage to the equipment and consigned materials. Performance under the agreement is initiated by orders issued by the Company and accepted by the manufacturer.

Advisory Agreement

On March 18, 2024, the Company terminated its private placement services agreement and entered into an advisory agreement for debt, equity and public securities market services for one year. The advisory agreement included a monthly fee of $30,000 and 7,563 common stock warrants to be issued monthly at an exercise price of $2.38 with a term of five years. On December 31, 2024, the Company and the financial advisor terminated the advisory agreement subject to the cancelation of 30,252 common stock warrants issued after July 2024 and the payment for services rendered totaling $180,000 during the three months ended March 31, 2025.

Settlement Agreements

The Company settled a 2023 convertible note dispute with an existing shareholder for $230,824 during the six months ended June 30, 2024. The Board approved the issuance of 53,063 common shares on April 4, 2024 as consideration in lieu of payment recorded as financing charges in the Condensed Statements of Operations.

On June 28, 2024, the Company issued 90,032 shares of common stock to various pre-IPO Series A Preferred Stock shareholders to settle certain claims. The Company recorded the fair value of the settlements totaling $286,458 for the three and six months ended June 30, 2024, as Other Expense in the Condensed Statements of Operations. Furthermore, the Company authorized the issuance of 104,378 shares of its common stock to settle the remaining claims with pre-IPO Series A Preferred Stock shareholders recorded at a fair value of $290,171 for the three and six months ended June 30, 2024, as Other Expense in the Condensed Statements of Operations and Accrued Expenses in the Condensed Balance Sheets as of June 30, 2024. As of June 30, 2025, 1,518 shares of common stock authorized to settle these claims with a fair value of $4,220 have not yet been issued as of the reporting date as the Company awaits execution of the settlement agreement by one counterparty.

There were no shares of common stock issued to settle any claims during the three and six months ended June 30, 2025.

Executive Employment Agreements

The Company, as authorized by the board of directors, entered into employment agreements with certain employees to provide incentives to improve shareholder value and to contribute to the growth and financial success of the Company. The agreements had an employment start date of October 1, 2022, with initial terms from two to five years and optional one-year renewals.

There are seven key employees that have stock options of the Company totaling 1,238,712 shares. These key employees have a provision in their agreements whereas the Company will pay a special bonus equal to the aggregate of the strike price or exercise price of all their stock options plus a tax gross-up payment. The special bonus shall be paid in twenty percent (20%) installments starting January 2, 2024, and the same date each of the next four years. As a condition of the payment, the key employee must exercise at least 20% of their stated number of stock options. There are additional provisions to cover termination and change of control events.

In April 2023, the Company amended the employee agreements to, among other things, clarify that the special one-time incentive payment and the deferred bonus are contingent upon the effective date of the planned initial public offering. The amendment also sets forth a process for executives to exercise the stock options in accordance with the terms of the stock option agreement in effect as of the date of the employment agreement and to clarify that there is no modification to the stock option agreements.

The special options bonuses of $14,821,830 were contingent upon a successful initial public offering and will be recorded when paid.

On April 10, 2024, the employment of the Company's Chief Operating Officer was terminated. Pursuant to the employment agreement, the Company (i) made salary continuation payments based on an annual salary of $275,000 through October 10, 2024, (ii) issued 25,832 shares of common stock at a fair value of $78,788 and (iii) made a $41,980 one-time payment in lieu of the exercise of 13,764 stock options that expired on January 2, 2024. The Company is contracted to provide health care coverage through October 2025 and has accrued for that obligation totaling $10,281 and $21,418 classified as Accrued Expenses in the Condensed Balance Sheets as of June 30, 2025 and December 31, 2024, respectively.

Threatened Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of the date of issuance, other than those described above (see Footnote 13), there were no pending or threatened legal proceedings that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest. Legal fees are expensed as incurred.

In January 2024, Dr. Arturo Taca served notice to the Company that asserted an interest in its U.S. Patent No. 10,413,719 valued at $2,000,000 based on his own work in neurostimulation. The Company denied both the neurostimulation patent and compensation claims. The case remains unresolved. While it is too early to predict the ultimate outcome of this matter, we believe the Company has meritorious defenses and intends to defend this matter vigorously.

15. Subsequent Events

On July 1, 2025, the Company terminated the NSS-2 Bridge license with Masimo in exchange for $200,000 of consideration payable in equal installments on December 31, 2025 and June 30, 2026. The termination agreement allowed the Company to recapture the rights to the trademark (U.S. Registration No. 7,394,465) and two patent applications (Application No. 18/821,225 and Application No. 29/960,608) that were licensed to Masimo on April 9, 2020 for use in the reduction of the symptoms of opioid withdrawal.

On July 1, 2025, the Compensation Committee of the Board of Directors ("Board") of the Company adopted the NeurAxis, Inc. 2025 Employee Stock Purchase Plan (the "ESPP"), effective as of the same date and subject to Shareholder approval by July 1, 2026. The purpose of the ESPP is to provide eligible employees an opportunity to acquire common stock of the Company at a 15% discount using payroll deductions. The maximum number of shares of the Company's common stock that may be issued under the ESPP is 100,000, subject to an annual increase on January 1st of each year from 2026 through 2035 by the lesser of (i) 1% of the Company's outstanding capital stock as of the prior December 31st or (ii) 100,000 shares. The Board may reduce or eliminate this annual increase before February 1st of any given year.

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q and determined that there have been no other events that have occurred that would require adjustments to our disclosures in the condensed financial statements.

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 unaudited financial statements and the related notes appearing in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks, uncertainties, and assumptions. You should read the "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" sections of our Form 10-K for the period ended December 31, 2024 (the "2024 Annual Report") for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a growth stage company focused on developing neuromodulation therapies to address chronic and debilitating conditions in children. Our mission is to provide solutions that create value and provide better and safer patient outcomes. Our IB-Stim device is a PENFS system intended to be used in patients 8-21 years of age with functional abdominal pain associated with IBS and has market clearance from FDA for functional abdominal pain associated with IBS in children. Our RED device is an easy-to-use, office-based, point-of-care test that identifies patients with chronic constipation due to pelvic floor dyssynergia and has FDA market clearance for adults. Other indications in our pipeline are comprised of functional nausea in children, post-concussion syndrome in children, cyclic vomiting syndrome in children and functional abdominal pain associated with IBS in adults.

Since our inception, we have incurred significant operating losses. Our net loss was $1,690,418 and $2,917,710 for the three months ended June 30, 2025 and 2024, respectively, and $3,969,102 and $5,038,361 for the six months ended June 30, 2025 and 2024, respectively. Although we had stockholders' equity of $4,253,294 as of June 30, 2025, our auditors have expressed substantial doubt about our ability to continue as a going concern in their audit opinion. We expect to incur significant expenses and operating losses for the foreseeable future as we continue to pursue widespread insurance coverage of our IB-Stim device and seek FDA clearance of our device for other indications as we also fund sales and marketing efforts to expand the adoption of RED. There are a number of milestones and conditions that we must satisfy before we will be able to generate sufficient revenue to fund our operations, including FDA clearance of our IB-Stim device to treat future indications.

Factors Affecting our Business and Results of Operations

Revenue

Our revenue is derived from the sale of our IB-Stim device to healthcare companies, primarily hospitals and clinics. Sales generally are not seasonal and only mildly correlated with economic cycles. Our IB-Stim device sells for $1,195 per device, and each child being treated for functional abdominal pain associated with IBS will use three to four devices. Potential patients with future indications are expected to use four to six or more devices per patient. In an effort to treat all patients, the Company provides devices at a discount to lower income patients without healthcare insurance.

Our sales typically are made on a purchase order basis rather than through long-term purchase commitments. We enter into sales agreements with customers for IB-Stim devices based on purchase orders and standard terms, which vary slightly based on the customer's form, and conditions of sale. Standard payment terms generally are that payment is due within 30 days.

Given the current economic environment, we cannot predict whether inflation will have a material impact on our operations for the foreseeable future.

Gross Profit and Gross Margin

Our management uses gross profit and gross margin to evaluate the efficiency of operations and as a key component to determining the effectiveness and allocation of resources. We calculate gross profit as net sales less cost of goods sold, and gross margin as gross profit divided by net sales. Our gross margin has been and will continue to be affected by a variety of factors, primarily the average selling price of our IB-Stim and RED devices, production volume, order flows, change in mix of customers, third-party manufacturing costs related to components of our devices and cost-reduction strategies. We expect our gross profit to increase for the foreseeable future as our net sales grows, both through broader insurer acceptance of our IB-Stim device in the near term and approval of our technology for the treatment of other indications over the longer term. Our gross margin may fluctuate from quarter to quarter due to changes in average selling prices and the mix of patient healthcare coverage (e.g. discounts are provided to lower income patients without healthcare insurance), particularly as we introduce enhancements to our IB-Stim device and new products to address other indications, and as we adopt new manufacturing processes and technologies.

Expenses

We have four categories of expenses: cost of goods sold, selling, research and development, and general and administrative.

Costs of goods sold consist of costs paid for the IB-Stim and RED devices to our contract manufacturers along with shipping and handling costs and expired inventory charges. Expired inventory expense is related to the FDA clearance period from the date our devices are manufactured, and if the device is not sold in such period, a reserve is recorded. Expired and other inventory charges totaled $12,174 and $12,174 for the three and six months ended June 30, 2025, respectively. There was no expired inventory for the three and six months ended June 30, 2024. We have fixed-price contracts with the manufacturers of our devices.

Our core selling expenses primarily consist of commissions.

Research and development expense is attributable to our clinical trials and related efforts to have our IB-Stim and RED devices cleared by the FDA for other indications. We expect to incur future R&D expenses for other indications, such as functional nausea, post-concussion syndrome and cyclic vomiting syndrome in children.

General and administrative expense primarily consists of wages and benefits, professional fees, including legal, audit, insurance, investor relations, advertising, facility costs, utilities and travel costs.

Results of Operations

The following table presents our statements of operations for the three and six months ended June 30, 2025 and 2024, respectively:

	(Unaudited) Three Months Ended June 30,		(Unaudited) Six Months Ended June 30,	
	2025	2024	2025	2024
Net sales	$ 894,086	$ 611,500	$ 1,789,741	$ 1,258,135
Cost of goods sold	146,643	73,458	286,118	148,539
Gross profit	747,443	538,042	1,503,623	1,109,596
Selling expenses	142,253	62,274	276,206	142,304
Research and development	58,319	54,312	108,012	59,882
General and administrative	2,264,729	2,628,288	5,132,360	4,946,362
Operating loss	(1,717,858)	(2,206,832)	(4,012,955)	(4,038,952)
Other income (expense):				
Financing charges	-	-	-	(230,824)
Interest expense, net	(13,434)	(80,697)	(15,672)	(107,257)
Change in fair value of warrant liability	(119)	7,576	1,712	(1,708)
Amortization of debt discount and issuance costs	-	(63,817)	-	(85,500)
Other income	40,993	2,961	57,813	2,961
Other expense	-	(576,901)	-	(577,081)
Total other income (expense), net	27,440	(710,878)	43,853	(999,409)
Net loss	$ (1,690,418)	$ (2,917,710)	$ (3,969,102)	$ (5,038,361)

Net Sales

Net sales increased $282,586, or 46.2%, from $611,500 for the three months ended June 30, 2024, to $894,086 for the three months ended June 30, 2025, and increased $531,606, or 42.3%, from $1,258,135 for the six months ended June 30, 2024, to $1,789,741 for the six months ended June 30, 2025. The increases were due to volume growth from customers with full health insurance reimbursement coverage and those participating in our financial assistance programs that provide discounts to patients without insurance coverage and device sales from the Company's launch of its RED product in 2025.

Gross Profit and Gross Margin

Gross profit increased $209,401, or 38.9%, from $538,042 for the three months ended June 30, 2024, to $747,443 for the three months ended June 30, 2025, due to higher sales volume. Despite the increase in sales volume, the decrease in gross margin from 88.0% for the three months ended June 30, 2024, to 83.6% for the three months ended June 30, 2025, was due to higher discounting in the Company's financial assistance programs provided to patients without health insurance coverage and expired RED inventory.

Gross profit increased $394,027, or 35.5%, from $1,109,596 for the six months ended June 30, 2024, to $1,503,623 for the six months ended June 30, 2025, due to higher sales volume. Despite the increase in sales volume, gross margin decreased from 88.2% for the six months ended June 30, 2024, to 84.0% for the six months ended June 30, 2025, due to higher growth of the financial assistance programs versus the full reimbursement patients, higher discounting in the Company's financial assistance programs provided to patients without health insurance coverage and expired RED inventory.

Selling Expenses

Selling expenses increased $79,979, or 128.4%, from $62,274 for the three months ended June 30, 2024, to $142,253 for the three months ended June 30, 2025, and increased $133,902, or 94.1%, from $142,304 for the six months ended June 30, 2024, to $276,206 for the six months ended June 30, 2025. The increases were due to higher sales volume and a temporary commission structure to facilitate growth and adoption in new states.

Research and Development

Research and development expenses increased $4,007, or 7.4%, from $54,312 for the three months ended June 30, 2024, to $58,319 for the three months ended June 30, 2025, and increased $48,130, or 80.4%, from $59,882 for the six months ended June 30, 2024 to $108,012 for the six months ended June 30, 2025. The increases were due to higher year-over-year spending on a medical research project and costs to develop the RED device.

General and Administrative

General and administrative expenses decreased $363,559, or 13.8%, from $2,628,288 for the three months ended June 30, 2024, to $2,264,729 for the three months ended June 30, 2025, primarily due to the absence of certain one-time, non-recurring severance, consulting and advisory costs incurred in 2024 and lower accounting, investor relations, insurance and advertising costs as new hires in 2024 have internally absorbed certain services, partially offset by third party costs incurred to enhance the Company's internal control environment.

General and administrative expenses increased $185,998, or 3.8%, from $4,946,362 for the six months ended June 30, 2024, to $5,132,360 for the six months ended June 30, 2025, primarily due to a one-time, non-recurring charge to settle a lawsuit, third party costs incurred to enhance the Company's internal control environment and the introduction of annual short-term and long-term incentive plans in 2024 that were not outstanding for the full fiscal year, partially offset by the absence of certain one-time, non-recurring severance, hiring, consulting and advisory costs incurred in 2024 and lower legal, accounting, investor relations and insurance costs as new hires in 2024 have internally absorbed certain services.

Operating Loss

Our operating loss decreased $488,974, or 22.2%, from $2,206,832 for the three months ended June 30, 2024, to $1,717,858 for the three months ended June 30, 2025, primarily due to higher sales volume and lower general and administrative expenses, partially offset by a lower gross margin and higher selling costs that are a function of revenue.

Our operating loss decreased $25,997, or 0.6%, from $4,038,952 for the six months ended June 30, 2024, to $4,012,955 for the six months ended June 30, 2025, primarily due to higher sales volume, partially offset by a lower gross margin, higher general and administrative costs primarily due to a one-time, non-recurring settlement of a lawsuit, higher research and development costs and higher selling costs that are a function of revenue.

Other Income (Expense), Net

Other income increased $738,318, or 103.9%, from $710,878 of expenses for the three months ended June 30, 2024, to $27,440 of income for the three months ended June 30, 2025, primarily due to the absence of a one-time, non-recurring 2024 settlement of certain claims relating to pre-IPO Series A Preferred Stock shareholders.

Other income increased $1,043,262, or 104.4% from $999,409 of expense for the six months ended June 30, 2024, to $43,853 of income for the six months ended June 30, 2025, primarily due the absence of one-time, non-recurring 2024 settlements relating to a 2023 convertible note dispute and certain pre-IPO Series A Preferred Stock shareholder claims.

Net Loss

Our net loss decreased $1,227,292, or 42.1%, from $2,917,710 for the three months ended June 30, 2024, to $1,690,418 for the three months ended June 30, 2025, due to higher sales volume, lower general and administrative expenses and the absence of a one-time, non-recurring 2024 settlement of certain claims relating to pre-IPO Series A Preferred Stock shareholders.

Our net loss decreased $1,069,259 from $5,038,361 for the six months ended June 30, 2024, to $3,969,102 for the six months ended June 30, 2025, primarily due to higher sales volume and the absence of one-time, non-recurring 2024 settlements relating to a 2023 convertible note dispute and certain pre-IPO Series A Preferred Stock shareholder claims, partially offset by the one-time, non-recurring settlement of a lawsuit in 2025.

Liquidity and Capital Resources

We had cash on hand of $5,988,456 and $3,696,870 as of June 30, 2025, and December 31, 2024, respectively. We maintained a working capital surplus of $4,271,446 and $1,832,858 as of June 30, 2025, and December 31, 2024, respectively. The increase in working capital was primarily due to proceeds from the issuance of common stock and the exercise of common stock warrants during the six months ended June 30, 2025.

We have incurred losses since inception and have funded our operations primarily with a combination of sales, debt, and the sale of capital stock. As of June 30, 2025, we had stockholders' equity of $4,253,294 and short-term borrowings of $121,433.

Our future capital requirements will depend upon many factors, including progress with developing, manufacturing, and marketing our technologies, the time and costs involved in preparing, filing, prosecuting, maintaining, and enforcing patent claims and other proprietary rights, our ability to establish collaborative arrangements, marketing activities and competing technological and market developments, including regulatory changes and overall economic conditions in our target markets. Our ability to generate revenue and achieve profitability requires us to successfully market and secure purchase orders for our products from customers currently identified in our sales pipeline and to new customers as well. The primary activity that will drive all customers and revenues is the adoption of insurance coverage by commercial insurance carriers nationally, so this is a top priority of the Company. These activities, including our planned research and development efforts, will require significant uses of working capital through the rest of 2025 and beyond.

Additionally, we have to meet all the financial disclosure and reporting requirements associated with being a publicly reporting company. Our management will have to spend additional time on policies and procedures to make sure it is compliant with various regulatory requirements, especially that of Section 404 of the Sarbanes-Oxley Act. This additional corporate governance time required of management could limit the amount of time our management has to implement our business plan and may delay our anticipated growth plans.

The following table summarizes our cash flow from operating, investing and financing activities for the six months ended June 30, 2025 and 2024:

	(Unaudited) Six Months Ended June 30,	
	2025	2024
Net cash used in operating activities	$ (3,071,145)	$ (2,947,295)
Net cash used in investing activities	(25,288)	(23,408)
Net cash provided by financing activities	5,388,019	4,657,417
Net increase in cash and cash equivalents	2,291,586	1,686,714
Cash and cash equivalents at beginning of period	3,696,870	78,560
Cash and cash equivalents at end of period	$ 5,988,456	$ 1,765,274

Operating Activities – Net cash used in operating activities increased $123,850, or 4.2%, for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to higher inventory purchases to support sales growth and the 2025 payment of the 2024 short-term incentive program, partially offset by increased cash collections.

Investing Activities – Net cash used in investing activities increased $1,880, or 8.0%, for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, due to capital expenditures to manufacture the RED device.

Financing Activities – Net cash provided by financing activities increased $730,602, or 15.7%, for the six months ended June 30, 2025, compared to the six months ended June 30, 2024, primarily due to proceeds received from the issuance of common stock and the exercise of common stock warrants in 2025 compared to the issuance of convertible notes in 2024.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our principal executive officer and principal financial officer and oversight of the Audit Committee and the Board of Directors, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in the framework set forth in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our management, including our principal executive officer and principal financial officer, recognizes that internal controls over financial reporting, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

Based on our evaluation, management identified material weaknesses in our internal control over financial reporting as of June 30, 2025, as set forth below:

- Ineffective approval processes governing (i) timely Board of Directors authorization and (ii) segregation of duties and roles and responsibilities configurations within the Company's financial reporting system;
- Inadequate contract management process to capture all executed agreements prior to the commencement of services in order to ensure accuracy within the proper accounting period;
- Misapplication of U.S. GAAP as evidenced by the restatement of our unaudited financial statements as of and for the three and nine months ended September 30, 2023; and
- Ineffective disclosure controls and procedures a result of (i) lack of segregation of duties, (ii) lack of internal control structure review and (iii) misapplication of U.S. GAAP.

In order to remediate the identified material weaknesses, management, with the oversight of the Audit Committee of the Board of Directors, undertook measures to enhance the Company's internal control environment, including the (i) hiring of a principal financial officer and other accounting personnel to ensure the appropriate application of U.S. GAAP including the annual required completion of a minimum number of continuing professional education hours, (ii) implementation of a documented internal control framework and program, (iii) documentation and communication of business policies such as a delegation of authority over company transactions including the Board of Directors and invoice approvals, (iv) completion of a formal monthly close process including account reconciliations with supporting documentation and (v) engagement of a third-party firm that implemented controls to segregate duties and approvals along with the proper assignment of roles and responsibilities within the Company's financial system. However, management has not fully implemented the remediation steps and expects remediation efforts, including testing, to continue in fiscal year 2025.

While these remediation efforts are subject to ongoing management evaluation and will require validation and testing of the design and operating effectiveness of the Company's internal controls over a sustained period of financial reporting cycles, management is committed to maintaining a strong internal control program over financial reporting and will take further actions and implement additional enhancements or improvements as necessary.

Changes in Internal Control Over Financial Reporting

Other than the remediation efforts described above, there were no changes in our internal controls over financial reporting, as defined in Rules 13a-15(f) of the Exchange Act, during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of the date of issuance, other than those described below, there were no pending or threatened legal proceedings that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest. Legal fees are expensed as incurred.

On February 6, 2019, plaintiff Ritu Bhambhani, M.D., initiated a lawsuit against Innovative Health Solutions, Inc. and others in the United States District Court for the District of Maryland. Plaintiffs Bhambhani and Sudhir Rao subsequently amended the complaint, with the Third Amended Complaint ("Complaint") containing the most recent set of allegations. The Complaint asserted claims under the RICO Act, as well as of fraudulent misrepresentation, intentional misrepresentation by concealment, and civil conspiracy and sought compensatory damages in excess of $5 million, pre-judgment interest, punitive damages, attorney's fees, court costs and designation of the case as a class action. The Complaint stated that the Company, distributors of the Company's product, and medical billing and coding consultants allegedly made misrepresentations to the plaintiffs that the Company's NeuroStim device and related procedures could be billed to, and reimbursed by, Medicare and other insurance payors as a surgically implantable neurostimulator. Plaintiffs claim to have suffered damages when Medicare administrative contractors declined to pay plaintiffs for their use of the device.

On February 11, 2022, the Company filed a motion for summary judgment based upon the plaintiffs not being proper parties to assert claims against the Company. On June 14, 2022, the Court granted the Company's motion for summary judgment and dismissed the Complaint.

On July 14, 2022, plaintiffs Ritu Bhambhani and Sudhir Rao filed a notice of appeal with the Fourth Circuit Court of Appeals. On June 3, 2024, the Fourth Circuit denied the plaintiff's appeal and entered judgment against the plaintiffs. On June 25, 2024, the Fourth Circuit entered its mandate declaring that its judgment against the plaintiffs took effect that day. The plaintiffs did not seek any further review or appeal of that judgment.

Also on July 14, 2022, plaintiffs Ritu Bhambhani, LLC; Box Hill Surgery Center, LLC; Pain and Spine Specialists of Maryland, LLC; and SimCare ASC, LLC initiated a lawsuit against the Company and others in the United States District Court for the District of Maryland (the "2022 Lawsuit"). The plaintiffs in this lawsuit are business entities owned or partially owned by the plaintiffs that initiated the litigation described above. The Complaint asserted claims under the RICO Act, as well as fraudulent misrepresentation, intentional misrepresentation by concealment, and civil conspiracy and seeks compensatory damages in excess of $75,000, pre-judgment interest, punitive damages, attorney's fees, and court costs. The Complaint states that the Company, distributors of the Company's product, and medical billing and coding consultants allegedly made misrepresentations to the plaintiffs that the Company's NeuroStim device and related procedures could be billed to, and reimbursed by, Medicare and other insurance payors as a surgically implantable neurostimulator. Plaintiffs claim to have suffered damages when Medicare administrative contractors declined to pay plaintiffs for their use of the device.

On September 28, 2022, the Company filed a motion to dismiss all claims. On May 25, 2023, the Court issued an Order and a Memorandum Opinion which dismissed the plaintiffs' claims related to the RICO Act. The remaining claims are still pending, and no trial date has been set for the case. The Court has vacated its Scheduling Order at the parties' request so that the parties could try to resolve the disputes in both cases through an independent third-party mediator.

On May 15, 2025, the parties executed a $750,000 settlement agreement payable in 12 equal monthly installments beginning in January of 2026.

In January 2024, Dr. Arturo Taca served notice to the Company that asserted an interest in its U.S. Patent No. 10,413,719 valued at $2,000,000 based on his own work in neurostimulation. The Company denied both the neurostimulation patent and compensation claims. The case remains unresolved. While it is too early to predict the ultimate outcome of this matter, we believe the Company has meritorious defenses and intends to defend this matter vigorously.

ITEM 1A: RISK FACTORS

For information regarding the risk factors that could affect the Company's business, results of operations, financial condition and liquidity, see the information under Part I, Item 1A. "Risk Factors" in the Form 10-K, which is accessible on the SEC's website at www.sec.gov. There have been no material changes to the risk factors previously disclosed in the Form 10-K.

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

Unregistered Sales of Equity Securities

On June 30, 2025, the Company issued 289,779 shares of common stock to an investor upon the exercise of an equivalent amount of common stock warrants for gross proceeds of $29.

On June 9, 2025, the Company issued 42,016 shares of common stock to an investor upon conversion of an equivalent amount of Series B Preferred Stock.

On May 21, 2025, the Company issued 430,580 shares of common stock to certain investors upon the exercise of an equivalent amount of common stock warrants for gross proceeds of $1,002,963.

On May 20, 2025, the Company issued 342,016 shares of common stock to certain investors upon conversion of an equivalent amount of Series B Preferred Stock.

On May 15, 2025, the Company issued 10,000 restricted stock units ("RSUs") to an employee at a fair value of $2.36 per RSU. The RSUs are subject to pro rata annual vesting over a three-year period and are payable in shares of the Company's stock. The RSUs fully vest upon (i) death or disability or (ii) change of control. Dividend equivalents accrue on RSUs and are paid upon vesting; there were no accrued dividends on unvested RSUs as of June 30, 2025.

Unless otherwise stated above, the issuances of these securities were made in reliance upon exemptions provided by Section 4(a)(2) of the Securities Act, Regulation D promulgated thereunder, or Securities Act Rule 701 for the offer and sale of securities not involving a public offering.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5: OTHER INFORMATION.

Insider Trading Arrangements and Policies

During the quarter ended June 30, 2025, no director or officer of the Company adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6: EXHIBITS

Exhibit Number	Exhibit Description
10.1	Settlement Agreement and Mutual Release, dated May 15, 2025 (incorporated by reference to exhibit 10.1 to current report on Form 8-K, filed with the SEC on May 21, 2025)
10.2	Form of Securities Purchase Agreement (incorporated by reference to exhibit 10.1 to current report on Form 8-K, filed with the SEC on May 22, 2025)
10.3	Termination Agreement, dated July 1, 2025, by and between Neuraxis, Inc. and Masimo Corporation (incorporated by reference to exhibit 10.1 to current report on Form 8-K, filed with the SEC on July 3, 2025)
10.4	Neuraxis, Inc. 2025 Employee Stock Purchase Plan (incorporated by reference to exhibit 10.2 to current report on Form 8-K, filed with the SEC on July 3, 2025)
31.1*	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer
31.2*	Certification pursuant to 18 U.S.C. Section 1350 Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer
32.1**	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer
32.2**	Certification pursuant to 18 U.S.C. Section 1350 Section 906 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith

SIGNATURES

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

NEURAXIS, INC.

Date: August 12, 2025

By: */s/ Brian Carrico*
Brian Carrico
Chief Executive Officer
(Principal Executive Officer)

Date: August 12, 2025

/s/ Timothy Henrichs
Timothy Henrichs
Chief Financial Officer
(Principal Financial and Principal Accounting Officer)

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Brian Carrico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended on June 30, 2025 of Neuraxis, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on Neuraxis, Inc.'s 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 (of 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 small business issuer's internal control over financial reporting.

Date: August 12, 2025

By: */s/ Brian Carrico*
Brian Carrico
Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, Timothy Henrichs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended on June 30, 2025 of Neuraxis, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on Neuraxis, Inc.'s 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 (of 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 small business issuer's internal control over financial reporting.

Date: August 12, 2025

By: */s/ Timothy Henrichs*
Timothy Henrichs
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Neuraxis, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025 (the "Report") I, Brian Carrico, Chief Executive Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2025

By: */s/ Brian Carrico*
Brian Carrico
Chief Executive Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Neuraxis, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2025 (the "Report") I, Timothy Henrichs, Chief Financial Officer of the Company, certify, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2025

By: */s/ Timothy Henrichs*
Timothy Henrichs
Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.