As filed with the U.S. Securities and Exchange Commission on June 1, 2023

Registration No. 333-269179

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

AMENDMENT NO. 5
TO
FORM S-1
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

NEURAXIS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**3845**	**45-5079684**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

11550 N. Meridian Street, Suite 325
Carmel, IN 46032
Telephone: (812) 689-0791
(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

Brian Carrico
Chief Executive Officer
Neuraxis, Inc.
11550 N. Meridian Street, Suite 325
Carmel, IN 46032
Telephone: (812) 689-0791
(Name, address, including zip code and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Joseph M. Lucosky, Esq.
Lahdan S. Rahmati, Esq.
Lucosky Brookman LLP
101 Wood Avenue South, 5th Floor
Woodbridge, NJ 08830
(732) 395-4496

Ross D. Carmel, Esq.
Barry P. Biggar, Esq.
Carmel, Milazzo & Feil LLP
55 West 39th Street, 4th Floor
New York, NY 10018
(212) 658-0458

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large, accelerated filer, an accelerated filer, a non-accelerated filer, 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 pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities included in this Registration Statement, of which this prospectus, are subject to an effective Registration Statement. This preliminary prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED [●], 2023

PRELIMINARY PROSPECTUS

NEURAXIS, INC.

[●]
Shares of Common Stock

We are offering [●] shares of common stock, par value $0.001 per share, of Neuraxis, Inc., at an estimated initial public offering price at $[●] per share.

In addition, the selling stockholders identified herein (the "Selling Stockholders") are offering an aggregate of [●] shares of common stock, registered for resale hereby. The [●] shares of common stock offered by the Selling Stockholders are defined herein as the "Selling Stockholder Shares."

Prior to this offering, there has been no public market for our common stock. We have applied to have our common stock listed on the Nasdaq Capital Market ("Nasdaq") under the symbol "NRXS". We will not proceed with this offering in the event the common stock is not approved for listing on Nasdaq.

We are an "emerging growth company" under applicable Securities and Exchange Commission rules and will be subject to reduced public company reporting requirements.

Investing in our securities involves a high degree of risk. See "*Risk Factors*" beginning on page 12 of this prospectus. You should carefully consider these risk factors, as well as the information contained in this prospectus, before purchasing any of the securities offered by this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	
Underwriting discounts and commissions (1)	$	
Proceeds to us, before expenses	$	
Proceeds to Selling Stockholders, before expenses (2)	$	

(1) We have agreed to pay Alexander Capital L.P., as the representative of the underwriters named in this prospectus (the "Underwriter"), an underwriting discount of seven percent (7%) of the amount raised in the offering. In addition, we have also agreed to pay to the underwriters a non-accountable expense allowance in the amount of 1% of the gross offering amount (including shares purchased upon exercise of the over-allotment option). We have also agreed to issue to the Underwriter, on the closing date of this offering, warrants in an amount equal to six percent (6%) of the aggregate number of shares of common stock sold by us in this offering and exercisable at a price per share equal to one hundred and twenty percent (120%) of the public offering price (the "Underwriter's Warrants"). For a description of compensation to be received by the Underwriter, see "*Underwriting*" for more information.

(2) The amount of offering proceeds to us presented in this table does not give effect to the sale of the Selling Stockholder Shares as we will receive no proceeds from any such sales.

We have granted the Underwriter an option, exercisable for up to 45 days from the date of this prospectus, to purchase a maximum of [●] shares of common stock (equal to fifteen percent (15%) of the aggregate number of shares of common stock sold in this offering) on the same terms as the other shares of common stock being purchased by the Underwriter from us.

This offering is being conducted on a firm commitment basis. The Underwriter is obligated to take and purchase all of the shares of common stock offered under this prospectus if any such shares are taken.

The Underwriter expects to deliver the securities to purchasers in the offering on or about [●], 2023.

Sole Book Running Manager

ALEXANDER CAPITAL L.P.

Prospectus dated [●], 2023.

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus we have prepared. We take no responsibility for and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date. You should also read this prospectus together with the additional information described under "Additional Information."

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements”. Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “anticipate,” “predict,” “project,” “forecast,” “potential,” and “continue” or the negatives thereof or similar expressions. Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees of future performance. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. You are cautioned to not place undue reliance on these forward-looking statements, which speak only as of their dates.

We cannot predict all the risks and uncertainties that may impact our business, financial condition, or results of operations. Accordingly, the forward-looking statements in this prospectus should not be regarded as representations that the results or conditions described in such statements will occur or that our objectives and plans will be achieved. These forward-looking statements are found at various places throughout this prospectus and include information concerning possible or projected future results of our operations, including statements about potential acquisition or merger targets, strategies or plans; business strategies; prospects; future cash flows; financing plans; plans and objectives of management; any other statements regarding future cash needs, future operations, business plans and future financial results; and any other statements that are not historical facts. We qualify all of the forward-looking statements in this prospectus by this cautionary note.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to a variety of factors and risks, including, but not limited to, those set forth under “*Risk Factors*” starting page 12 of this prospectus.

Many of those risk factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. Considering these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. All subsequent written and oral forward-looking statements concerning other matters addressed in this prospectus and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this prospectus.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

MARKET AND INDUSTRY DATA

This prospectus contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. While we believe the industry and market data included in this prospectus are reliable and are based on reasonable assumptions, these data involve many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the sections titled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" included in this prospectus.

TRADEMARKS AND TRADE NAMES

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and trade names.

GLOSSARY OF CERTAIN TERMS

As a neuromodulation therapy device company, describing our business involves several technical terms and acronyms. We are providing the following glossary to assist readers with certain technical terms and acronyms and to also define certain frequently used terms.

“AAP” means the American Academy of Pediatrics, the largest professional association of pediatricians in the U.S.

“ACA” means the Affordable Care Act, a comprehensive reform law which increases health insurance coverage for the uninsured and implements reforms to the health insurance market.

“CBT” means cognitive behavioral therapy, a form of psychological treatment that has been demonstrated to be effective for a range of problems including depression, anxiety disorders, alcohol and drug use problems, marital problems, eating disorders, and severe mental illness.

“CCPA” means the California Consumer Privacy Act, a state statute intended to enhance privacy rights and consumer protection for residents of California.

“CE” means that the manufacturer or importer of a commercial product affirms the product’s conformity with European health, safety and environmental safety standards.

“CE Certificate” means the CE mark that is placed on the backside of certain products sold in the European Economic Area and the European Union.

“cGCPs” means current Good Clinical Practices, which is an international ethical and scientific quality standard for designing, conducting, recording and reporting trials that involve the participation of human subjects.

“CMS” means Centers for Medicare and Medicaid Services, a federal agency within the United States Department of Health and Human Services that administers the Medicare program and works in partnership with state governments to administer Medicaid, the Children’s Health Insurance Program, and health insurance portability standards.

“CPRA” means the California Privacy Rights Act of 2020, a California ballot proposition that expands California’s consumer privacy law and builds upon the California Consumer Privacy Act of 2018.

“CPT codes” means the Common Procedural Terminology codes, a medical code set that is used to report medical, surgical, and diagnostic procedures and services to entities such as physicians, health insurance companies and accreditation organizations.

“DHS” means designated health services.

“EEA” means the European Economic Area.

“EU” means the European Union.

“FATCA” means the Foreign Account Tax Compliance Act, which requires all non-U.S. foreign financial institutions to search their records for customers with indicia of a connection to the U.S., including indications in records of birth or prior residency in the U.S., or the like, and to report the assets and identities of such persons to the U.S. Department of the Treasury.

“FDA” means the U.S. Food and Drug Administration.

“FDCA” means the Federal Food, Drug, and Cosmetic Act, a set of laws giving authority to the U.S. Food and Drug Administration to oversee the safety of food, drugs, medical devices, and cosmetics.

“FSCA” means Field Safety Corrective Action, which is an action taken by a manufacturer to reduce a risk of death or serious deterioration in the state of health associated with the use of a medical device that is already placed on the market.

“FTC” means Federal Trade Commission, an independent agency of the United States government whose principal mission is the enforcement of civil U.S. antitrust law and the promotion of consumer protection.

“FAPD” means functional abdominal pain disorder.

“GDPR” means General Data Protection Regulation, a regulation in EU law on data protection and privacy in the EU and the EEA.

“HDE” means Humanitarian Device Exemption, a regulatory pathway for products intended for diseases or conditions that affect small, rare populations.

“HIPAA” means Health Insurance Portability and Accountability Act, which is a US law designed to provide privacy standards to protect patients’ medical records and other health information provided to health plans, doctors, hospitals and other health care providers.

“IBS” means irritable bowel syndrome, a group of symptoms that occur together, including repeated pain in abdomen and changes in bowel movements, which may be diarrhea, constipation, or both.

“IRB” means Institutional Review Board, which is any group that has been formally designated to review and monitor biomedical research involving human subjects.

“JOBS Act” means the Jumpstart Our Business Startups Act of 2012, as amended, which is a law intended to encourage funding of small businesses in the U.S. by permitting specified reduced disclosure and other requirements that are otherwise applicable generally to public companies.

“Masimo” means Masimo Corporation, a global medical technology company that develops, manufactures, and markets a variety of noninvasive patient monitoring technologies, hospital automation solutions, home monitoring devices, ventilation solutions, and consumer products.

“MACs” means Medicare Administrative Contractors, which is a private health care insurer that has been awarded a geographic jurisdiction to process Medicare Part A and Part B medical claims or Durable Medical Equipment claims for Medicare Fee-For-Service beneficiaries.

“MDR” means the medical device reporting, one of the post-market surveillance tools the FDA uses to monitor device performance, detect potential device-related safety issues, and contribute to benefit-risk assessments of these products.

“MHLW” means Ministry of Health, Labour and Welfare of Japan, a cabinet level ministry of the Japanese government that provides services on health, labor and welfare.

“NASPGHAN” means the American Academy of Pediatrics and the North American Society for Pediatric Gastroenterology, Hepatology and Nutrition.

“PENFS” means Percutaneous Electrical Nerve Field Stimulation.

“PMA” means the FDA process of scientific and regulatory review to evaluate the safety and effectiveness of Class III medical devices.

“QSR” means quality system regulations maintained by the FDA that must be followed by all medical device manufacturers who wish to sell devices in the U.S.

“RCT” means Randomized Controlled Trial, which is a study in which people are allocated at random (by chance alone) to receive one of several clinical interventions, including a standard of comparison or control in for the form of a placebo (e.g., a sugar pill) or no intervention at all.

“SSRI” is a type of antidepressant drug that inhibits the reabsorption of serotonin by neurons and increases the availability of serotonin as a neurotransmitter.

“TCA” means the EU-UK Trade and Cooperation Agreement, a free trade agreement signed on December 30, 2020, between the EU, the European Atomic Energy Community, and the United Kingdom that provides for free trade in goods and limited mutual market access in services, as well as for cooperation mechanisms in a range of policy areas, transitional provisions about EU access to UK fisheries, and UK participation in some EU programs.

“TKBMN” means TKBMN, LLC, an Indiana company.

“UKCA” means UK conformity assessment.

“UKCA Marking” means a certification mark that indicates conformity with the applicable requirements for products sold within Great Britain.

“USPTO” means United States Patent and Trademark Office.

PROSPECTUS SUMMARY

This prospectus summary contains an overview of the information from this prospectus but may not contain all of the information that is important to you. This prospectus includes specific terms of the offering of our securities, information about our business, and financial data. We encourage you to read this prospectus, including the "Risk Factors" section beginning on page 12 and the financial statements and the notes thereto, in its entirety before making an investing decision. As used in this prospectus, the terms "we," "us,", "the Company", "our," and "Neuraxis" refer to Neuraxis, Inc., a corporation organized under the laws of Delaware, including our subsidiaries, unless the context indicates a different meaning.

Overview

We are a growth stage company focused on developing neuromodulation therapies to address chronic and debilitating conditions in children. We are dedicated to advancing science with our proprietary PENFS technology, which we developed. We believe that superior science and evidence-based research are necessary for adoption by the medical and scientific community. With one FDA indication—functional abdominal pain associated with IBS in adolescents 11-18 years old—on the market, additional clinical trials of PENFS in multiple pediatric conditions are underway focused on unmet healthcare needs in children, see "—*Our Pipeline*" for more information.

Since our inception, we have incurred significant operating losses. Our net loss was $2.2 million and $0.5 million for the three months ended March 31, 2023 and 2022, respectively, and $4.8 million and $3 million for the years ended December 31, 2022, and 2021, respectively. We had an accumulated deficit of $36.1 million and $33.9 million as of March 31, 2023 and December 31, 2022, respectively. Our auditors have expressed substantial doubt about our ability to continue as a going concern paragraph 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. 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.

Our Mission

Our mission is to provide solutions that create value and provide better and safer patient outcomes. We believe in improving lives and minimizing suffering, particularly in the pediatric population, where research and therapeutics are usually lacking. The FDA has already cleared our IB-Stim therapy for functional abdominal pain, associated with IBS, in children. Through innovation and research, we are reimagining the future of patient care.

Our Pipeline

The IB-Stim device is to be used for the indication of functional abdominal pain associated with IBS and functional nausea in children. The same underlying technology will be used for the remaining pipeline indications, but we may use a name other than "IB-Stim" for marketing and commercialization purposes.

With one FDA indication—functional abdominal pain associated with IBS in adolescents 11-18 years old—on the market, additional clinical trials of PENFS in multiple pediatric conditions are underway focused on unmet healthcare needs in children. These indications consist of chronic nausea, post-concussion syndrome, chemotherapy-induced nausea and vomiting, and cyclic vomiting syndrome.

The chart below shows our status in the FDA review process for IB-Stim and each of the following pediatric indications:

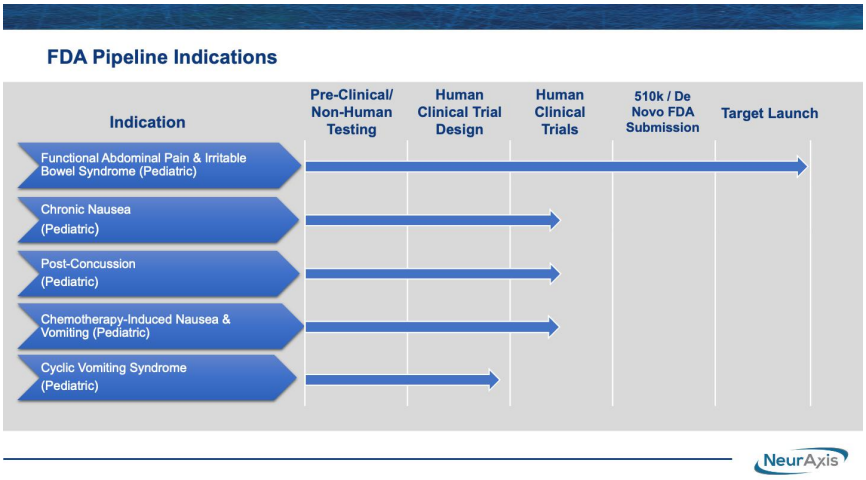
1. *Chronic nausea:* RCT completed, and data being analyzed, see ClinicalTrials.gov Identifier: NCT03675321.

2. *Post-concussion syndrome:* RCT currently enrolling patients, see ClinicalTrials.gov Identifier: NCT04978571.

3. *Chemotherapy-induced nausea and vomiting:* RCT is currently enrolling patients, see ClinicalTrials.gov Identifier: NCT05143554.

4. *Cyclic vomiting syndrome:* Pilot study completed, see ClinicalTrials.gov Identifier: NCT03434652. Multicenter RCT is anticipated to begin enrolling patients in the second half of 2023.

Each step in the FDA review process differs in duration and cannot be predicted with accuracy. Timing of FDA review and approval, if ever received, cannot be assured and the process and any approval is within the sole control and discretion of the FDA.



Product

The IB-Stim is a PENFS system intended to be used in patients 11-18 years of age with functional abdominal pain associated with IBS. IB-Stim already has market clearance from the FDA for functional abdominal pain associated with IBS in children. FDA has classified the non-implanted nerve stimulator for functional abdominal pain relief as Class II devices.

The IB-Stim is intended to be used for 120 hours per week for three (3) consecutive weeks, and not to exceed four (4) consecutive weeks, through application to branches of Cranial Nerves V, VII, IX and X, and the occipital nerves identified by transillumination, as an aid in the reduction of pain when combined with other therapies for IBS (DEN180057, 2019). In published studies, patients treated with IB-Stim demonstrated significant improvement in pain, disability and global symptoms with no serious adverse events, and minimal to no side effects, including localized skin irritation. See *Neurostimulation for abdominal pain-related functional gastrointestinal disorders in adolescents: a randomized, double-blind, sham-controlled trial*, Kovacic K, et.al., Lancet Gastroenterol Hepatol. 2017;2:727-737; *Efficacy of Auricular Neurostimulation in Adolescents With Irritable Bowel Syndrome in a Randomized, Double-Blind Trial*, Krasaelap A et.al., Clin Gastroenterol Hepatol. 2020;18:1987-1994; *Effect of percutaneous electrical nerve field stimulation on mechanosensitivity, sleep, and psychological comorbidities in adolescents with functional abdominal pain disorders*, Santucci et.al., Neurogastroenterol Motil. 2022;34:e14358.

The ability of the IB-Stim to produce systemic effects by modulating the central nervous system has been demonstrated in a pre-clinical animal model of IBS (see "*Business—Pre-Clinical Data*"). In patients with IBS, the largest effect on all pain measures, including composite pain scores, worst pain, disability and global symptoms, was seen after completing three consecutive weeks of treatment (see "*Business—Clinical Data*"). A fourth consecutive week of treatment was included in clinical testing; no safety concerns were identified with this extra consecutive week of treatment. In the trial of 115 subjects, 10 patients reported side-effects and only three discontinued the study because of side-effects. Of such 10 patients, six patients experienced ear discomfort (three patients in the PENFS group, three patients in the sham group), three patients experienced adhesive allergy (one patient in the PENFS group, two (2) patients in the sham group), and one patient experienced syncope due to needle phobia (in the sham group). There were no serious adverse events.

Medical providers are trained to place the IB-Stim through IB-Stim Training and Certification. Once the provider is trained, the device can be placed in the outpatient clinic and can be removed by the provider in the clinic or the patient at home. IB-Stim stays on for a total of five (5) days to allow delivery of gentle electrical pulses to nerves below the skin that access the central nervous system. A study in adolescents showed greater improvement in functional abdominal pain and global symptom improvement with every week of treatment (up to four weeks). At the end of the four-week study, 95% of adolescents stated they would recommend the treatment to family or friends. Safety of percutaneous electrical nerve field stimulation has also been reported in a separate study of over 1200 adult patients with no serious adverse events and minimal to no side-effects.

When wearing our IB-Stim device, patients can still attend school and extracurricular activities, exercise or play non-contact sports, shower, wear ear buds or headphones, and travel.

Our IB-Stim device costs $1,195 per device, and each patient will use three to four devices. Potential patients with other indications are expected to use six or more devices per patient.

Pediatrics Industry Overview

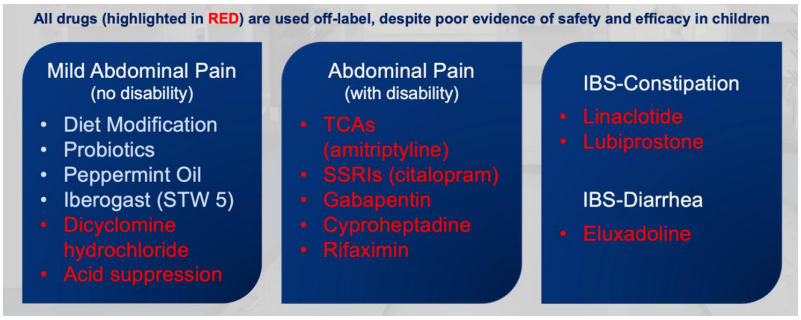
Pediatric providers, as a whole, had expressed concern about the lack of attention given to children with functional abdominal pain disorders (including IBS) and the limited treatment options available for a population that suffers from significant disabilities. With 20% of the United States population under age 18, our Company focus is on opportunities in pediatrics industry. The pediatrics industry has multi-billion-dollar market opportunities. The following points clearly outline the unmet need in children:

- Functional abdominal pain in children is one of the most common conditions seen by pediatricians and pediatric gastroenterologists.
- Children with functional abdominal pain report lower quality of life compared with their healthy peers and equal to those with inflammatory bowel disease.
- Overall, 35-45% of children with functional abdominal pain disorders continue to have symptoms into adulthood, which impacts quality of life and healthcare spending.
- A study published in 2021 demonstrates insufficient evidence for the use of medications in pediatric functional abdominal pain disorders. This lack of evidence for drugs has been supported in by the American Academy of Pediatrics and NASPGHAN.
- IB-Stim is the only therapy that has shown to improve pain, global symptoms, and functional disability in children with FAP and IBS.
- IB-Stim is the only currently used drug or device therapy that is better than placebo in a randomized controlled trial and received FDA clearance for pediatric IBS.

Our Opportunity

The total addressable market ("TAM") for our target pediatric indications is $9 billion. The TAM is calculated by the total number of patients we target to treat multiplied by the revenue potential from each patient. This aggregate target TAM is broken down into five (5) pipeline indications. The first pipeline indication is functional abdominal pain associated with irritable bowel syndrome which has a TAM of $1.48 billion, followed by functional nausea in children which has a TAM of $2.26 billion, cyclic vomiting syndrome which has a TAM of $2.8 billion, followed by post-concussion syndrome which has a TAM of $1.9 billion, and finally chemo-therapy induced nausea and vomiting in children which has a TAM of $0.72 billion.

For years, physicians and qualified healthcare professionals have resorted to the use of off-label medications without proper evidence of efficacy or safety. This is despite a technical report from the American Academy of Pediatrics and NASPGHAN which found very little evidence to endorse the use of any drugs in the treatment of FAPDs in children. Medications including tricyclic antidepressants, SSRIs and gabapentinoids continue to be used off-label despite lack of evidence to support efficacy or safety. Not only have the most commonly used medications (amitriptyline and SSRIs) failed to beat placebos in clinical trials, but new studies also suggest significant risks with the potential for serious side effects with these drugs. For example, significant risk of TCA side effects in children include increased risk of suicidal ideation, mood changes, EKG disturbance, and long-term risk of dementia. Other side effects of pharmaceuticals given are depression and weight gain. The absence of conclusive data to support treatments based on scientific evidence, and the fact no drug therapies have been approved by the FDA for the treatment of FAPDs or IBS in children, presents a unique market opportunity for Neuraxis. Below are the current standard treatments in children with functional abdominal pain and IBS.



Our Solutions

We entered the pediatric market with clinical evidence, coverage and payment, and key opinion leaders and society endorsement, including a signed letter from the American Academy of Pediatrics and NASPGHAN supporting our request for insurers to pay for our IB-Stim device. Our IB-Stim is a non-drug alternative to reduce functional abdominal pain in patients with IBS. In June 2019, the FDA cleared IB-Stim, a non-surgical, neuromodulation device for children and adolescents who suffer from IBS, through a de novo process (DEN180057, 2019). The FDA created a new classification of PENFS for the IB-Stim device. This is based on pre-clinical and clinical studies demonstrating the mechanism of action and efficacy. Based on this new class of devices, the IB-Stim falls under 21 CFR Part 876, Subpart F – Therapeutic Devices, 876.5340, Product Code QHH. As a PENFS device, it is non-implantable and provides field stimulation to cranial nerves V, VII, IX and X in the ear to access the CNS. It stimulates remotely from the source of pain to modulate central pain regions, such as the limbic system, and relieve functional abdominal pain associated with IBS. Studies have demonstrated long-term benefits in functional disability, psychological co-morbidities, and pain. For more information, see "*Business—Our Solutions*." We have only submitted one FDA De Novo request and have not submitted any additional 510(k) premarket notifications for our pipeline indications to date.

Compliance with treatment so far has been outstanding with the four weeks of therapy required to sustain long-term benefits. Compliance has been an issue with non-pharmacological treatment for children, particularly with some of the psychological approaches such as cognitive behavioral therapy or guided imagery, which sometimes requires 8-12 weeks of treatment. In fact, 95% of adolescents who used IB-Stim said that they would recommend this treatment to family and friends. Many children's hospitals across the country are already treating children with IB-Stim successfully, since it provides a better alternative for therapy in children with IBS and disability and allows them to treat them safely and effectively.

We have concentrated our marketing focus on 260 children's hospitals. To date, we have sold our IB-Stim product to approximately 50 children's hospitals within our target market.

Competition

The competitive landscape for therapies includes off-label drugs and drugs with FDA approved only for adults with IBS. There is no FDA indicated treatments for patients 11-18 years of age with functional abdominal pain associated with IBS and prescriptions often contain FDA black box labels. Current treatments treat locally and peripherally whereas IB-Stim treats at the level of the brain gut axis. Current treatments also include devices that could theoretically be used, but do not have supporting data or FDA clearance for functional bowel disorders or IBS. Our method patents also limit other devices from targeting IBS through stimulation of cranial nerve branches in the ear.

Approved drugs for adults with IBS:

1. Rifaximin: an intraluminal antibiotic approved for IBS-diarrhea
2. Amitiza: a drug that stimulates fluid secretion from the intestine, approved for IBS-diarrhea
3. Linzess: a drug that stimulates fluid secretion from the intestine, approved for IBS-constipation
4. Plecanatide: a drug that stimulates fluid secretion from the intestine, approved IBS-constipation
5. Eluxadoline: a schedule IV-controlled substance that is a mixed opioid receptor agonist/antagonist in the intestine approved for IBS-diarrhea

Devices:

1. gammaCore: a transcutaneous, cervical vagal nerve stimulator cleared for cluster and migraine headaches. Recent studies using this device for adults with gastroparesis.

2. Transcranial Magnetic Stimulation: Multiple devices cleared to treat major depressive disorder and obsessive-compulsive disorder. To date, no known gastrointestinal indications.

3. Roo System and Sparrow therapy system: Transcutaneous auricular stimulation devices-cleared for neonatal and adult opioid withdrawal.

The neurostimulation market is predominantly comprised of surgically implanted, invasive technologies that are not directly competitive with our technology. Several neurostimulation companies are large, publicly-traded companies that have a history in the market, have significantly easier access to capital and other resources and have an established product pipeline. The combined clinical research and product development done by the industry, including by us and all of our competitors, is uncovering the beneficial effects of neurostimulation which now establishes neuromodulation as a valid and scientifically supported approach to the treatment of neurological conditions, and accordingly, we expect for competition in the non-implanted space to grow in the future.

While many companies have joined the neuromodulation space, there are no companies targeting the CNS or the brain-gut axis through auricular nerves for functional bowel disorders or IBS. Currently, the Neuraxis method patents protect access to the brain, particularly the limbic systems through branches of cranial nerves in the ear.

Our Competitive Strengths

We believe that the following competitive strengths will enable us to compete effectively:

- First to market
- Strong portfolio of device and method patents
- Large market opportunities
- Strong pediatric pipeline
- Academic Society Support
- Lower capital expenditures in nurse, trainers, and representatives for first line therapy
- Strong clinical data carried out in leading academic institutions in the U.S.

Our Growth Strategies

- List price of our product is $1,195 per device and $4,780 per patient
- Strong gross margin
- Direct sales force
- Target customers are children’s hospitals and pediatric clinics

Corporate Development

Neuraxis, Inc. was established in 2011 and incorporated in the state of Indiana on April 17, 2012, under the name of Innovative Health Solutions, Inc. The name was changed to Neuraxis, Inc. in March of 2022. Additionally, the Company filed a Certificate of Conversion to become a Delaware corporation on June 23, 2022.

On September 7, 2021, the Company’s board of directors authorized a 4-for-1 stock split and increased the number of authorized common stock shares from 2,700,000 to 10,800,000. On September 9, 2021, the board authorized another increase of authorized shares of common stock from 10,800,000 to 13,400,000 in anticipation of this offering. All share and per share amounts for our common stock in this prospectus, including the financial statements, have been retroactively restated to give effect to the split.

As part of the conversion to a Delaware corporation, the total number of shares of all classes of stock which we have authority to issue was set at 101,120,000 shares, consisting of (1) 100,000,000 shares of common stock, par value $0.001 per share and (ii) 1,120,000 shares of preferred stock, par value $0.001 per share 1,000,000 of which was designated as “Series A Preferred Stock” and 120,000 of which was designated as “Series Seed Preferred Stock”.

Recent Developments

From March through May 2023, we entered into Securities Purchase Agreements (the "SPAs") which provide for advances of up to $6 million in proceeds to us, subject to our satisfaction of certain conditions (the "2023 Private Placement"). Pursuant to the SPAs, from March through May of 2023, we issued Senior Secured Convertible Promissory Notes ("Notes") with an aggregate principal amount of $4,733,333, which amount included an original issue discount ("OID") of $473,333, and underwriter fees of $338,250, resulting in advance proceeds to us of $3.9 million. The notes automatically convert into Common Stock at IPO on primary exchange. Conversion Price will be set at a 30% discount to the IPO price or $[●] per share. As a result, the notes will convert into [●] shares of common stock at IPO. In connection with the issuance of the Notes, we also issued five-year warrants exercisable for an aggregate of [●] shares of common stock with a strike price at a 25% premium to the Conversion Price or $[●] per share subject to anti-dilution, issuable on a pro rata basis at each funding. For more information regarding the warrants issued under the SPAs, see "*Description of Our Securities—Warrants*."

The Notes were issued with OID of 10% of the principal amount and bear interest at 12%. The Notes will mature in six (6) months from their respective issue dates or a successful IPO on a primary exchange in the U.S. (whichever comes sooner). If the IPO is not completed or the Note is not repaid by the maturity date the following will ensue: a) principal amount of the note will be automatically increased by 20%; b) the warrant coverage will be increased to 75%; c) the default interest rate will begin to accrue at 20% per annum until the default is cured (default interest will be repaid in cash monthly); d) noteholder will be paid 30% of gross revenues in cash on a monthly basis until the default is cured or the note is repaid in full. Interest accrues on the aggregate principal amount (which includes OID) and is payable monthly, at the Company's election, in cash or in-kind.

The Company used $2.65 million of the cash received from the 2023 Private Placement to pay the principal portion of some of the 2022 Senior Secured Convertible Promissory Notes (as defined below) from Leonite Fund I, LP, Bigger Capital Fund, LP, and District 2 Capital Fund, LP reducing the amount due to the original issue discount or an aggregate principal amount of $294,444. This balance will automatically convert into shares of common stock at the terms described below of the lower of (a) $9.44 per share, or (b) a discount of 30% to the price per share in any subsequent offering.

On January 12, 2023, we filed a certificate of amendment to our certificate of incorporation with the Secretary of State of the State of Delaware and effectuated a reverse stock split of our common stock at a ratio of 1-for-2. All share information in this prospectus, including historical share information in our financial statements, has been adjusted for this reverse stock split.

From June through November of 2022, we entered into Securities Purchase Agreements (the "2022 SPAs") with Leonite Fund I, LP, Emmis Capital II, LLC, Bigger Capital Fund, LP, District 2 Capital Fund, LP, and Exchange Listing, LLC, which provide for advances of up to $3 million in proceeds to us, subject to our satisfaction of certain conditions. Pursuant to the SPAs, from June 2022 through November of 2022, we issued Senior Secured Convertible Promissory Notes ("2022 Senior Secured Convertible Promissory Notes") with an aggregate principal amount of $3,333,333, which amount included an original issue discount ("OID") of $333,333, and legal fees for $130,000, resulting in advance proceeds to us of $3 million. In connection with the issuance of 2022 Senior Secured Convertible Promissory Notes, we also issued five-year warrants exercisable for an aggregate of 353,111 shares of common stock with an exercise price of the lower of (a) $11.80 and (b) a 12% discount to the price per share in any subsequent offering by the Company, and we entered into a Pledge and Security Agreement with Leonite Fund I, LP, dated June 3, 2022. Pursuant to the Pledge and Security Agreement, the Company granted a security interest in all of its assets in favor of Leonite Fund I, LP, in its capacity as collateral agent for the purchaser parties under the SPAs. For more information regarding the warrants issued under the SPAs, see "*Description of Our Securities—Warrants*."

The 2022 Senior Secured Convertible Promissory Notes were issued with OID of 10% of the principal amount and bear interest at the greater of (a) the prime rate of interest, as published by the Wall Street Journal, plus 8.5% per annum, or (b) 12%. The 2022 Senior Secured Convertible Promissory Notes will mature in twelve (12) months from their respective issue dates. Any amount of principal, interest, other amounts due hereunder or penalties on 2022 Senior Secured Convertible Promissory Notes, which is not paid by maturity date, shall bear interest at the lesser of the rate of twenty four percent (24%) per annum or the maximum legal amount permitted by law, from the due date thereof until the same is paid in full, including following the entry of a judgment in favor of the Noteholder. The 2022 Senior Secured Convertible Promissory Notes are convertible at the option of the holder into shares of common stock at the lower of (a) $9.44 per share, or (b) a discount of 30% to the price per share in any subsequent offering, subject to adjustment in the event of common stock distribution, stock splits, fundamental transactions, dilutive issuances or similar events affecting our common stock and the conversion price. Interest accrues on the aggregate principal amount (which includes OID) and is payable monthly, at the Company's election, in cash or in-kind.

Upon the advance of the consideration under the 2022 SPAs, the Company is required to issue to the noteholders a number of shares of common stock, calculated based on the value of 10% of the principal amount of the Notes issued in such advance, at a value per share equal to the conversion price of the 2022 Senior Secured Convertible Promissory Notes at the date of such advance (the "Commitment Shares"). Accordingly, in connection with the initial advance and issuance of Notes, assuming a conversion price of $9.44 per share, we will be issuing 35,317 Commitment Shares to the Noteholders.

See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments*" for more information.

From December 2022 through January 2023, the Company issued unsecured convertible promissory notes to three existing investors, Todd Maxwell, Rogan O'Donnell and Michael & Michele Robuck, with an aggregate principal amount of $222,222, which amount included an OID of $22,222, resulting in advance proceeds to us of $200,000. The notes carry an OID of 10% of the principal amount and have an interest rate of 12% per annum. The notes will mature at the earlier of (i) twelve (12) months from the issue date or (ii) the date upon which the Company completes a registered public offering of shares of the Company, which encompasses the closing of this offering. The notes are convertible into shares of common stock at the higher of (i) $9.44 per share, or (ii) the price per share of common stock issued pursuant to the next registered public offering of shares of the Company made prior to the conversion of any portion of the note. Interest accrues on the aggregate principal amount (which includes OID) and is payable on the maturity date, at the Company's election, in cash or in-kind. The holders of the notes are entitled to piggyback registration rights on any registration statement filed by the Company, other than the registration statement of which this prospectus forms a part and any registration filed on Form S-4 or Form S-8.

We are a party to three advisory agreements with Exchange Listing, LLC, a consultant engaged in connection with listing our common stock for trading on Nasdaq. Pursuant to the first advisory agreement with Exchange Listing, dated March 3, 2022, and amended February 10, 2023, we have agreed to pay Exchange Listing a monthly consulting fee of $5,000 and a final payment of $50,000 upon a successful Nasdaq listing, and, also upon such listing, to issue Exchange Listing 125,000 shares of our common stock and to issue Exchange Listing five-year warrants to purchase [●] shares of our common stock (representing 2.0% of our outstanding shares after giving effect to this offering on a fully-diluted basis, as presented in the pro forma as adjusted column under "Capitalization") with an exercise price of $[●] per share (representing the assumed public offering price set forth on the cover page of this prospectus). Pursuant to the second advisory agreement with Exchange Listing, dated June 20, 2022, as amended on December 20, 2022 and February 10, 2023, we have agreed to pay Exchange Listing fees in the aggregate of up to $136,166 for advice in connection with communication and other related matters leading up to this offering. Pursuant to the third advisory agreement with Exchange Listing, dated February 10, 2023, we have agreed to issue Exchange Listing 125,000 shares of our common stock as pre-payment for future services. We have agreed to piggyback registration rights with respect to the shares issuable upon exercise of the warrants.

Implications of Being a Smaller Reporting Company

We are a "smaller reporting company" as defined in Rule 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our shares held by non-affiliates equals or exceeds $250 million as of the prior June 30th, or (2) our annual revenues equaled or exceeded $100 million during such completed fiscal year and the market value of our shares held by non-affiliates equals or exceeds $700 million as of the prior June 30th. Such reduced disclosure and corporate governance obligations may make it more challenging for investors to analyze our results of operations and financial prospects.

For additional information, see "*Risk Factors - Because the Company is a 'smaller reporting company,' we may take advantage of certain scaled disclosures available to us, resulting in holders of our securities receiving less Company information than they would receive from a public company that is not a smaller reporting company" and "As a 'smaller reporting company', we may at some time in the future choose to exempt our company from certain corporate governance requirements that could have an adverse effect on our public stockholders."*

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (the "JOBS Act"). We will remain an emerging growth company until the earlier of (1) December 31, 2024, (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, (3) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would occur on the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, we may:

- present only two years of audited financial statements, plus unaudited condensed financial statements for any interim period, and related management's discussion and analysis of financial condition and results of operations in this prospectus;
- avail ourselves of the exemption from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");
- provide reduced disclosure about our executive compensation arrangements;
- not require stockholder non-binding advisory votes on executive compensation or golden parachute arrangements;
- defer complying with certain changes in accounting standards; and
- not comply with requirements of PCAOB regarding communications of critical audit matters (CAMS) in the auditor's report on the financial statements.

We are an emerging growth company, and under the JOBS Act, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to take advantage of the extended transition period for complying with new or revised accounting standards provided to emerging growth companies under the JOBS Act.

Corporate Information

We incorporated in Indiana on April 17, 2012, under the name Innovative Health Solutions, Inc. On March 11, 2022, we amended our Articles of Incorporation to change our name to Neuraxis, Inc. On June 23, 2022, we changed our state of incorporation from Indiana to Delaware.

Our principal executive offices are located at 11550 N. Meridian Street, Suite 325, Carmel, IN 46032, and our telephone number is (812) 689-0791.

SUMMARY OF THE OFFERING

Issuer:	Neuraxis, Inc.
Securities Offered:	[●] shares of common stock, at an estimated public offering price of $[●] per share.
Over-allotment option:	We have granted the Underwriter a 45-day option to purchase up to a total of [●] shares of common stock (equal to fifteen percent (15%) of the aggregate number of shares of common stock sold in this offering) at the public offering price per share in this offering, less the underwriting discounts payable by us, solely to cover over-allotments, if any.
Underwriter's warrants:	We have agreed to issue Alexander Capital L.P., as the Underwriter, the Underwriter's Warrants to purchase a number of shares of common stock equal in the aggregate to six percent (6%) of the total number of shares of common stock issued in this offering. The Underwriter's Warrants will be exercisable at a per share exercise price equal to one hundred and twenty percent (120%) of the public offering price per share sold in this offering. The registration statement also registers the shares of common stock issuable upon exercise of the Underwriter's Warrants. The Underwriter's Warrants have been deemed compensation by the Financial Industry Regulatory Authority ("FINRA") and are therefore also subject to a 180-day lock-up pursuant to FINRA Rule 5110. Except as permitted by Rule 5110, the Underwriter (or permitted assignees under the Rule) will not sell, transfer, assign, pledge, or hypothecate the Underwriter's Warrants or the securities underlying the Underwriter's Warrants, nor will any of them engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the option or the underlying securities for a period of 180 days from the commencement of sales under this prospectus. See "*Underwriting*" for more information.
Common stock Offered by Selling Stockholders	The Selling Stockholders are offering an aggregate of [●] shares of common stock issued and outstanding as of [●].
Common stock issued and outstanding immediately before this offering (1):	1,963,322 shares
Common stock issued and outstanding after the offering (2):	[●] shares
Use of proceeds:	We estimate that the net proceeds to us from this offering will be approximately $[●] million, or approximately $[●] million if the Underwriter exercises its over-allotment option in full, assuming an offering price of $[●] per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of the Selling Stockholder Shares. We intend to use the net proceeds of this offering primarily for sales and marketing activities, research and development, certain payments to our executive officers pursuant to their respective employment agreements, and general corporate purposes. See "*Use of Proceeds*" for additional information.
Proposed Nasdaq Capital Market Trading Symbol and Listing:	We have applied to list our common stock on the Nasdaq Capital Market under the symbol "NRXS". We believe that upon the effective date of the registration statement of which this prospectus forms a part, we will meet the standards for listing on Nasdaq. The closing of this offering is contingent upon the successful listing of our common stock on the Nasdaq Capital Market.
Risk Factors:	See "*Risk Factors*" beginning on page 12 and the other information contained in this prospectus for a discussion of factors you should carefully consider before investing in our securities.
Lock-up:	We, our directors, executive officers, and certain stockholders who own five percent (5%) or more of our outstanding common stock have agreed with the Underwriter not to offer for sale, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company, in the case of the Company for a period of 180 days after the date of this prospectus, and in the case of our directors and executive officers and our five percent (5%) and greater stockholders for a period of 180 days after the date of this prospectus, without the prior written consent of the Underwriter. See "*Underwriting*" for additional information.

(1) The total number of shares of common stock that will be outstanding after this offering is based on 1,963,322 shares of common stock outstanding as of March 31, 2023 and includes 250,000 shares of common stock to be issued to Exchange Listing LLC in connection with the closing of this offering, 50,000 shares of common stock to be issued to Lucosky Brookman LLP in connection with the closing of this offering, an additional 230,954 and 1,013,274 shares of common stock upon the conversion of the Series Seed Preferred Stock and the Series A Preferred Stock, respectively, and an additional [●] shares of common stock upon conversion of the convertible notes in connection with the closing of this offering. Unless otherwise indicated, the shares outstanding after this offering excludes the following:

- 289,779 shares of our common stock issuable upon exercise of warrants to purchase shares of Series A Preferred Stock converting to warrants to purchase shares of common stock. (see "*Description of Our Securities—Warrants*" for more information);
- 770,284 shares of our common stock issuable upon exercise of warrants to purchase common stock (see "*Description of Our Securities—Warrants*" for more information);
- [●] shares of our common stock issuable upon exercise of the Underwriter's Warrants to purchase common stock;
- [●] issuable upon exercise of warrants issuable to Exchange Listing, LLC upon the listing of our common stock on Nasdaq (see "*Prospectus Summary—Recent Developments*" for more information); and
- 1,319,394 shares of our common stock issuable upon exercise of options to purchase common stock;

Unless otherwise indicated, this prospectus reflects and assumes no exercise by the Underwriter of its over-allotment option.

SUMMARY OF RISK FACTORS

Our business is subject to a number of risks and uncertainties of which you should be aware before making an investment decision. You should consider all of the information set forth in this prospectus and, in particular, the specific factors set forth under "*Risk Factors*" in deciding whether to invest in our securities. These risks include, without limitation, the following:

Risks Relating to Our Business and Our Product

- Our business and prospects depend entirely on our current product, IB-Stim. Even though we have received FDA clearance for our product, it will remain subject to ongoing regulatory review. If we are unable to maintain regulatory clearance and commercialize our product or are significantly delayed or limited in our commercialization efforts, our business and prospects will be materially harmed.
- To date, we have not generated any operating profits, and due to our long-term research and development efforts, we have a history of incurring substantial operating losses.
- 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, and therefore substantial doubt is deemed to exist about the Company's ability to continue as a going concern.
- Our clinical studies could be delayed or otherwise adversely affected by many factors, including difficulties in enrolling patients.
- If we are unable to develop an adequate sales and marketing organization or contract with third parties to assist us, we may not be able to successfully commercialize our products for current and future indications.
- We may not be successful in achieving market acceptance of our products by healthcare professionals, patients and/or third-party payers in the timeframes we anticipate, or at all, which could have a material adverse effect on our business, prospects, financial condition and results of operations.
- Failure to secure and maintain adequate coverage and reimbursement from third-party payers could adversely affect acceptance of our products and reduce our revenues.
- We may not be successful in maintaining reimbursement codes necessary to facilitate accurate and timely billing for our products or physician services attendant to our products.
- We may depend on single-source suppliers for some of our components. The loss of these suppliers could prevent or delay shipments of our products, delay our clinical studies or otherwise adversely affect our business.
- Quality control problems with respect to devices and components supplied by third-party suppliers could have a material adverse effect on our reputation, our clinical studies or the commercialization of our products and, as a result, a material adverse effect on our business, prospects, financial condition and results of operations.
- Continued testing of our products may not yield successful results and could reveal currently unknown aspects or safety hazards associated with our products.
- The size and expected growth of our available market has not been established with precision and may be smaller than we estimate.
- If physicians and patients do not accept our current and future products or if the market for indications for which any product candidate is approved is smaller than expected, we may be unable to generate significant revenue, if any.

- Because of the specialized nature of our business, the termination of relationships with our key employees, consultants and advisors may prevent us from successfully operating our business, including developing our products, conducting clinical studies, commercializing our products and obtaining any necessary financing.
- Customer or third-party complaints or negative reviews or publicity about our company or our products could harm our reputation and brand.
- Developing medical technology entails significant technical, regulatory and business risks.
- We may not be able to compete with treatments now being marketed and developed, or which may be developed and marketed in the future by other companies.

Risks Related to Legal and Regulatory Matters

- Product liability suits, whether or not meritorious, could be brought against us due to alleged defective devices or for the misuse of our products, which could result in expensive and time-consuming litigation, payment of substantial damages and/or expenses and an increase in our insurance rates.
- We are subject to consumer protection laws that regulate our marketing practices and prohibit unfair or deceptive acts or practices. Our actual or perceived failure to comply with such obligations could harm our business, and changes in such regulations or laws could require us to modify our products or marketing or advertising efforts.
- We are increasingly dependent on information technology systems and are subject to privacy and security laws. Our products and our systems and infrastructure face certain risks, including from cyber security breaches and data leakage.
- We may choose to, or may be required to, suspend, repeat or terminate our clinical studies if they are not conducted in accordance with regulatory requirements, the results are negative or inconclusive or the studies are not well designed.
- Legislative and regulatory changes in the U.S. and in other countries regarding healthcare insurance and government-sponsored reimbursement programs (such as Medicare in the United States) may adversely affect our business and financial results.
- We are subject to extensive post-marketing regulation by the FDA and comparable authorities in other jurisdictions, which could impact the sales and marketing of our products and could cause us to incur significant costs to maintain compliance. In addition, we may become subject to additional regulation in other jurisdictions if we market and sell our products outside of the U.S.
- In addition to FDA requirements, we will spend considerable time and money complying with other federal, state, local and foreign rules, regulations and guidance and, if we are unable to fully comply with such rules, regulations and guidance, we could face substantial penalties.
- Our products may in the future be subject to recalls that could harm our reputation, business and financial results.
- If our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.
- We may be subject to fines, penalties or injunctions if we are determined to be promoting the use of our products for unapproved or off-label uses.
- The pediatrics and medical device industries are characterized by patent and other intellectual property litigation and disputes, and any litigation, dispute or claim against us may cause us to incur substantial costs, could place a significant strain on our financial resources, divert the attention of management from our business, harm our reputation and require us to remove certain devices from the market.

- Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our devices.
- Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling certain of our products.
- We depend extensively on our patents and proprietary technology and the patents, and we must protect those assets in order to preserve our business.
- Due to legal and factual uncertainties regarding the scope and protection afforded by patents and other proprietary rights, we may not have meaningful protection from competition.
- If the third parties on which we rely for the conduct of our clinical trials and results do not perform our clinical trial activities in accordance with good clinical practices and related regulatory requirements, we may be unable to obtain regulatory approval for or commercialize our product candidates.

Risks Related to Our Common Stock and This Offering

- There has been no public market for our common stock prior to this offering, and an active market in which investors can resell their shares of our common stock may not develop.
- The market price of our common stock may fluctuate, and you could lose all or part of your investment.
- We may not be able to satisfy listing requirements of Nasdaq or maintain a listing of our common stock on Nasdaq.
- We have considerable discretion as to the use of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.
- You will experience immediate and substantial dilution as a result of this offering.
- We do not expect to declare or pay dividends in the foreseeable future.
- If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected.
- Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock-up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our common stock to decline and would result in the dilution of your holdings.
- If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares.
- We will be subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies and our stockholders could receive less information than they might expect to receive from more mature public companies.
- Because the Company is a “smaller reporting company,” we may take advantage of certain scaled disclosures available to us, resulting in holders of our securities receiving less Company information than they would receive from a public company that is not a smaller reporting company.

RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider and evaluate all of the information contained in this prospectus before you decide to purchase our common stock. The risks and uncertainties described in this prospectus are not the only ones we may face. Additional risks and uncertainties that we do not presently know about or that we currently believe are not material may also adversely affect our business, business prospects, results of operations or financial condition. Any of the risks and uncertainties set forth herein, could materially and adversely affect our business, results of operations and financial condition. This could cause the market price of our common stock to decline, perhaps significantly, and you may lose part or all of your investment.

Risks Relating to Our Business and Our Product

Our business and prospects depend entirely on our current product, IB-Stim. Even though we have received FDA clearance for our product, it will remain subject to ongoing regulatory review. If we are unable to maintain regulatory clearance and commercialize our product or are significantly delayed or limited in our commercialization efforts, our business and prospects will be materially harmed.

Almost all of our revenues have been derived from sales and royalties from sales of IB-Stim, and we expect to develop, market, and sell other neuromodulation therapy devices for the treatment of chronic and debilitating conditions in children. The commercial success of our products and our ability to generate and maintain revenues from the sale of our products will depend on a number of factors, including:

- our ability to develop and obtain additional regulatory clearances and further commercialize our products for additional indications;
- our ability to expand into new markets and future indications;
- the acceptance of our products by patients and the healthcare community, including physicians and third-party payers (both private and governmental), as therapeutically effective and safe;
- the accomplishment of various scientific, engineering, clinical, regulatory and other goals, which we sometimes refer to as milestones, on our anticipated timeline;
- the relative cost, safety and efficacy of alternative therapies;
- our ability to obtain and maintain sufficient coverage or reimbursement by private and governmental third-party payers and to comply with applicable health care laws and regulations;
- the ability of our third-party manufacturers to manufacture our products in sufficient quantities with acceptable quality;
- our ability to provide marketing, distribution and customer support for our products;
- the potential presence of competitive products in our active indications;
- results of future clinical studies relating to our products or other competitor products for similar indications;
- compliance with applicable laws and regulatory requirements;
- the maintenance of our existing regulatory clearance; and
- the consequences of any reportable adverse events involving our products.

In addition, the promotion of our products is limited to approved indications, which vary by geography. The labelling for our device in the U.S. is limited in certain respects, which may limit the number of patients to whom it is prescribed.

Our ability to generate future revenues will also depend on achieving regulatory approval of, and eventual commercialization of, our products for additional indications and in additional geographies, which is not guaranteed. Our near-term prospects are substantially dependent on our ability to obtain regulatory approvals on the timetable we have anticipated, and thereafter to further successfully commercialize our products for additional indications. Regulatory changes or actions in areas in which we operate or propose to operate may further affect our ability to obtain regulatory clearances on our anticipated timetable. If we are not able to receive such approvals, meet other anticipated milestones, or further commercialize our products, or are significantly delayed or limited in doing so, our business and prospects will be materially harmed and we may need to reduce expenses by delaying, reducing or curtailing the development of our products and we may need to raise additional capital to fund our operations, which we may not be able to obtain on favorable terms, if at all.

To date, we have not generated any operating profits, and due to our long-term research and development efforts, we have a history of incurring substantial operating losses.

We were founded in 2011 and have a history of incurring substantial operating losses. We anticipate continuing to incur significant costs associated with developing and commercializing our products for approved indications including signal development, device hardware and software development, product sales, marketing, manufacturing, and distribution expenses. We expect our research, development, and clinical study expenses to increase in connection with our ongoing activities and as additional indications enter clinical development and as we advance our product development. Our expenses could increase beyond expectations if, for example, we are required by the FDA, or other regulatory agencies or similar governing bodies, to change manufacturing processes for our products or to perform clinical, nonclinical or other types of studies in addition to those that we currently anticipate. Our revenues are dependent, in part, upon the size of the markets in the jurisdictions in which we receive regulatory approval, the accepted price for our products and the ability to obtain reimbursement at the accepted applicable price. If the number of addressable patients is not as significant as we or our strategic partners and licensees estimate, the indications approved by regulatory authorities are narrower than we expect or the eligible population for treatment is narrowed by competition, regulatory approvals, physician choice or treatment guidelines, we may not generate significant revenues. If we are not able to generate significant revenues, we may never be sustainably profitable.

Our clinical studies could be delayed or otherwise adversely affected by many factors, including difficulties in enrolling patients.

Clinical testing can be costly and take many years, and the outcome is uncertain and susceptible to varying interpretations. Moreover, success in pre-clinical and early clinical studies does not ensure that large-scale studies will be successful or predict final results. Acceptable results in early studies may not be replicable in later studies. A number of companies in therapeutics industries have suffered significant setbacks in advanced clinical studies, even after promising results in earlier studies. Negative or inconclusive results or adverse events or incidents during a clinical study could cause the clinical study to be redone or terminated. In addition, failure to appropriately construct clinical studies could result in high rates of adverse events or incidents, which could cause a clinical study to be suspended, redone or terminated. Our failure or the failure of third-party participants in our studies to comply with their obligations to follow protocols and/or legal requirements may also result in our inability to use the affected data in our submissions to regulatory authorities.

The timely completion of clinical studies depends, among other things, on our ability to enroll a sufficient number of patients who remain in the study until its conclusion. We may experience difficulties in patient enrollment in our clinical studies for a variety of reasons, including:

- the severity of the disease under investigation;
- the limited size and nature of the patient population;
- the patient eligibility criteria defined in our protocol and other clinical study protocols;
- the nature of the study protocol, including the attractiveness of, or the discomforts and risks associated with, the treatments received by enrolled subjects;
- difficulties and delays in clinical studies that may occur as a result of the COVID-19 pandemic;
- the ability to obtain IRB approval at clinical study locations;
- clinicians' and patients' perceptions as to the potential advantages, disadvantages and side effects of our products in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are pursuing;
- availability of other clinical studies that exclude use of our products;
- the possibility or perception that enrolling in a product's clinical study may limit the patient's ability to enroll in future clinical studies for other therapies due to protocol restrictions;
- the possibility or perception that our software is not secure enough to maintain patient privacy;
- patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment;
- the availability of appropriate clinical study investigators, support staff, drugs and other therapeutic supplies and proximity of patients to clinical sites;
- physicians' or our ability to obtain and maintain patient consents; and
- the risk that when we collaborate with a third-party for research of a product in a particular institution, we can expect to relinquish some or all of the control over the future success of that study to the third-party.

If we have difficulty enrolling and retaining a sufficient number or diversity of patients to conduct our clinical studies as planned, or encounter other difficulties, we may need to delay, terminate or modify ongoing or planned clinical studies, any of which would have an adverse effect on our business.

If we are unable to develop an adequate sales and marketing organization or contract with third parties to assist us, we may not be able to successfully commercialize our products for current and future indications.

To achieve commercial success for our products, we must compliantly develop and grow our sales and marketing organization and, as necessary, enter into sales and distribution relationships with third parties to market and sell our products. Developing and managing a sales and marketing organization is a difficult, expensive and time consuming process. We may not be able to successfully develop adequate sales and marketing capabilities to achieve our growth objectives. We compete with other medical device, pharmaceutical and life sciences companies to recruit, hire, train and retain the sales and marketing personnel that we anticipate we will need, and the nature of our products may make it more difficult to compete for sales and marketing personnel. In addition, because our current products require, and we anticipate our future products will require, physician training and education, our sales and marketing organization may need to grow substantially as we expand our approved indications and markets. As a consequence, our expenses associated with building up and maintaining our sales force and marketing capabilities may be disproportionate to the revenues we may be able to generate on sales of our products.

If we are unable to establish adequate sales and marketing capabilities or successful sales and distribution relationships, we may fail to realize the full revenue potential of our products for current and future indications, and we may not be able to achieve the necessary growth in a cost-effective manner or realize a positive return on our investment. In our future sales and distribution agreements with other companies, we generally may not have control over the resources or degree of effort that any of these third parties may devote to our products, and if they fail to devote sufficient time and resources to the marketing of our products, or if their performance is substandard, our revenues may be adversely affected.

The success of our business may be dependent on the actions of our collaborative partners.

Our business strategy includes, in part, the consummation of collaborative arrangements with companies who will support the development and commercialization of our products and technology. We may also enter into clinical collaborations with third parties to test our products and technology together with other products and technologies.

When we collaborate with a third party for commercialization of a product in a particular territory, we can expect to relinquish some or all of the control over the future success of that product to the third party in that territory. In addition, our collaborative partners may have the right to terminate applicable agreements, including payment obligations, prior to or upon the expiration of the agreed-upon terms. We may not be successful in establishing or maintaining collaborative arrangements on acceptable terms or at all, collaborative partners may terminate funding before completion of projects, our products may not achieve the criteria for milestone payments, our collaborative arrangements may not result in successful product commercialization, our products may not receive acceptable pricing and we may not derive any revenue from such arrangements. Additionally, our collaborators may not perform their obligations as expected or in compliance with study protocols or applicable laws. Acts or omissions by collaborators may disqualify study data for use in regulatory submissions and/or create liability for us in the jurisdictions in which we operate. Any disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of commercialization, might cause delays or termination of the commercialization of products, might lead to additional responsibilities for us with respect to commercializing products, or might result in litigation or arbitration, any of which would be time-consuming and expensive. To the extent that we are not able to develop and maintain collaborative arrangements, we would need to devote substantial capital to undertake commercialization activities on our own in order to further expand our reach, and we may be forced to limit the territories in which we commercialize our products.

We may not be successful in achieving market acceptance of our products by healthcare professionals, patients and/or third-party payers in the timeframes we anticipate, or at all, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not achieve market acceptance of our products for current or future indications within the timeframes we have anticipated, or at all, for a number of different reasons, including the following factors:

- it may be difficult to gain broad acceptance of our products because they are new technologies and involve a novel or derivative mechanism of action and, as such, physicians may be reluctant to prescribe our products without prior experience or additional data or training;
- physicians may be reluctant to prescribe our products due to their perception that the supporting clinical study designs have limitations, as they are, for example, unblinded;
- physicians at large academic universities and medical centers may prefer to enroll patients into clinical studies instead of prescribing our products;
- it may be difficult to gain broad acceptance at community hospitals where the number of patients seeking treatment may be more limited than at larger medical centers, and such community hospitals may not be willing to invest in the resources necessary for their physicians to become trained to use our products, which could lead to reluctance to prescribe our products;
- patients may be reluctant to use our products for various reasons, including a perception that the treatment is untested or difficult to use or a perception that our software is not secure;
- our products may have side effects and our products cannot be worn in all circumstances; and
- each patient will use more than one device and therefore, as the duration of the treatment course increases, the overall price will increase correspondingly and, when used in combination with other treatments, the overall cost of treatment will be greater than using a single type of treatment.

In particular, our products may not achieve market acceptance for current or future indications because of the following additional factors:

- achieving patient acceptance could be difficult because not all patients are willing to comply with requirements of treatment with our products, and other patients may forego our products for financial, privacy, cosmetic, visibility or mobility reasons;
- achieving patient compliance may be difficult because the recommended use of our products is 120 hours per week for three (3) consecutive weeks, and not to exceed four (4) weeks, which to some extent restricts physical mobility because our products cannot be worn in all circumstances, and the patient or a caregiver must ensure that it remains continuously operable and this may also impact the pool of patients to whom physicians may be willing to prescribe our products;
- there may be certain perceived limitations to our study designs or data obtained from our clinical studies;
- efficacy may also be limited in instances where patients take a break from the device when experiencing skin rashes, or while bathing or swimming (because our products should not be immersed in water); and
- patients may decline therapy or prescribers may be unwilling to prescribe our products due to certain adverse events attributable to the device reported in clinical studies by patients treated with our products.

In addition, even if we are successful in achieving market acceptance of our products for IBS or other indications, we may be unsuccessful in achieving market acceptance of our products for other indications.

There may be other factors that are presently unknown to us that also may negatively impact our ability to achieve market acceptance of our products. If we do not achieve market acceptance of our products in the timeframes we anticipate, or are unable to achieve market acceptance at all, our business, prospects, financial condition and results of operations could be materially adversely affected.

Failure to secure and maintain adequate coverage and reimbursement from third-party payers could adversely affect acceptance of our products and reduce our revenues.

We expect that the majority of our revenues will come from third-party payers, primarily children’s hospitals, either directly to us in markets where we provide our products or plan to provide our device candidates to patients or indirectly via payments made to hospitals or other entities providing our products or which may in the future provide our device candidates to patients.

In the U.S., private payers cover the largest segment of the population, with the remainder either uninsured or covered by governmental payers. The majority of the third-party payers outside the U.S. are government agencies, government sponsored entities or other payers operating under significant regulatory requirements from national or regional governments.

Third-party payers may decline to cover and reimburse certain procedures, supplies or services. Additionally, some third-party payers may decline to cover and reimburse our products for a particular patient even if the payer has a favorable coverage policy addressing our products or previously approved reimbursement for our products. Additionally, private and government payers may consider the cost of a treatment in approving coverage or in setting reimbursement for the treatment.

Private and government payers are increasingly challenging the prices charged for medical products and services. Additionally, the containment of healthcare costs has become a priority of governments. Adoption of additional price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit our revenues and operating results. If third-party payers do not consider our products or the combination of our products with additional treatments to be cost-justified under a required cost-testing model, they may not cover our products for their populations or, if they do, the level of reimbursement may not be sufficient to allow us to sell our products on a profitable basis.

Reimbursement for the treatment of patients with medical devices is governed by complex mechanisms. These mechanisms vary widely among countries, can be informal, somewhat unpredictable, and evolve constantly, reflecting the efforts of these countries to reduce public spending on healthcare. As a result, obtaining and maintaining reimbursement for the treatment of patients with medical devices has become more challenging. We cannot guarantee that the use of our products will receive reimbursement approvals and cannot guarantee that our existing reimbursement approvals will be maintained in any country.

Our failure to secure or maintain adequate coverage or reimbursement for our products by third-party payers in the U.S. or in the other jurisdictions in which we market our products could have a material adverse effect on our business, revenues and results of operations and cause our stock price to decline.

We may not be successful in maintaining reimbursement codes necessary to facilitate accurate and timely billing for our products or physician services attendant to our products.

Third-party payers, healthcare systems, government agencies or other groups often issue reimbursement codes to facilitate billing for products and physician services used in the delivery of healthcare. Our technology specific CAT III CPT Code (0720T) was published on December 30, 2021 and effective on July 1, 2022. We may not be able to maintain the CPT code for physician services related to our products. Our future revenues and results may be affected by the absence of CPT codes, as physicians may be less likely to prescribe the therapy when there is no certainty that adequate reimbursement will be available for the time, effort, skill, practice expense and malpractice costs required to provide the therapy to patients.

Outside the U.S., we have not secured codes to describe our products or to document physician services related to the delivery of therapy using our products. The failure to obtain and maintain these codes could affect the future growth of our business.

We may depend on single-source suppliers for some of our components. The loss of these suppliers could prevent or delay shipments of our products, delay our clinical studies or otherwise adversely affect our business.

In certain jurisdictions, we may source some of the components of our products from only a single vendor. If any one of these single-source suppliers were to fail to continue to provide components to us on a timely basis, or at all, our business and reputation could be harmed. We will seek and maintain second-source suppliers, but we can provide no assurance that we will secure or maintain such suppliers. We have developed or are in the process of developing and obtaining regulatory approval for second sources for components in all jurisdictions. Various steps must be taken before securing these suppliers, including qualifying these suppliers in accordance with regulatory requirements, but we may never receive such approvals. The risks associated with the failure of our suppliers to comply with strictly enforced regulatory requirements as described below are exacerbated by our dependence on single-source suppliers.

If we experience any deficiency in the quality of, delay in or loss of availability of any components supplied to us by third-party suppliers, or if we switch suppliers or components, we may face additional regulatory delays and the manufacture and delivery of our products would be interrupted for an extended period of time, which could materially adversely affect our business, prospects, financial condition and results of operations. If we are required to obtain prior regulatory approval from the FDA or regulatory authorities or similar governing bodies in other jurisdictions or to conduct a new conformity assessment procedure for our products, regulatory approval for our products may not be received on a timely basis, or at all, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

Quality control problems with respect to devices and components supplied by third-party suppliers could have a material adverse effect on our reputation, our clinical studies or the commercialization of our products and, as a result, a material adverse effect on our business, prospects, financial condition and results of operations.

Our products, which are manufactured by third parties, are highly technical and are required to meet exacting specifications. Any quality control problems that we experience with respect to the devices and components supplied by third-party suppliers could have a material adverse effect on our reputation, our attempts to complete our clinical studies, our operating expenses or the commercialization of our products. The failure of our suppliers to comply with strictly enforced regulatory requirements could expose us to regulatory action, including warning letters, product recalls, suspension or termination of distribution, product seizures or civil penalties. If we experience any delay in the receipt or deficiency in the quality of products supplied to us by third-party suppliers, or if we have to switch to replacement suppliers, we may face additional regulatory delays and the manufacture and delivery of our products would be interrupted for an extended period of time, which would materially adversely affect our business, prospects, financial condition and results of operations.

We currently do not own a manufacturing facility and rely on a sole manufacturer for the production of our product. Any significant disruption to the sole manufacturer's operations or facilities could have a material adverse effect on our business, financial condition and results of operations.

We rely on a sole manufacturer for the production of our products. We do not have control over the operations of the facilities of the third-party manufacturer that we use. A significant disruption to our manufacturer could have a material adverse effect on our business, financial condition and results of operations. Our reliance on our manufacturer poses a number of risks, including lack of control over the manufacturing process and ultimately over the quality and timing of delivery of our product. A change in our relationship with our manufacturer could result in a material adverse effect on our business, financial condition and results of operations. A decision to change manufacturers would result in longer times for design and production as we secure any necessary licenses or clearances, develop quality control measures, and implement manufacturing processes.

Continued testing of our products may not yield successful results and could reveal currently unknown aspects or safety hazards associated with our products.

Our research and development programs are designed to test the safety and efficacy of our products through extensive pre-clinical and clinical testing. Even if our ongoing and future pre-clinical and clinical studies are completed as planned, we cannot be certain that their results will support our claims or that the FDA and other regulatory authorities will agree with our conclusions. Success in pre-clinical studies and early clinical studies does not ensure that later clinical studies will be successful, and we cannot be sure that the later studies will replicate the results of prior studies and pre-clinical studies. The clinical study process may fail to demonstrate that our device candidates are safe and effective for the proposed indicated uses, which could cause us to abandon a device candidate and may delay development of others. It is also possible that patients enrolled in clinical studies will experience adverse side effects that have not been previously observed. In addition, our pre-clinical and clinical studies for our device candidates involve a relatively small patient population and, as a result, these studies may not be indicative of future results.

We may experience numerous unforeseen events during, or as a result of, the testing process that could delay or prevent further commercialization of our products, including the following:

- pre-clinical and clinical testing for our products may not produce the desired effect, may be inconclusive or may not be predictive of safety or efficacy results obtained in future clinical studies, following long-term use or in much larger populations;
- unanticipated adverse events or other side effects that are not currently known may occur during our clinical studies that may preclude additional regulatory approval or result in additional limitations to commercial use if approved; and
- the data collected from our clinical studies may not reach statistical significance or otherwise not be sufficient to support FDA or other regulatory approval.

If unacceptable side effects arise in the development of our products for future indications, we could suspend or terminate our clinical studies or the FDA or other regulatory authorities could order us to cease clinical studies or deny approval of our device candidates for any or all targeted indications, narrow the approved indications for use or otherwise require restrictive product labeling or marketing or require further clinical studies, which may be time-consuming and expensive and may not produce results supporting FDA or other regulatory approval of our products in a specific indication. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the study or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff. We expect to have a need to train medical personnel using our devices for clinical studies and upon any commercialization of our products for future indications. Inadequate training in recognizing or managing the potential side effects of our products could result in patient injury or death. Any of these occurrences may harm our business, prospects and financial condition significantly.

Any delay or termination of our clinical studies will delay the filing of submissions for regulatory approvals of our products and ultimately our ability to commercialize our products and generate revenues. Furthermore, we may abandon our products for indications that we previously believed to be promising. Any of these events could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline.

As we expand, we may experience difficulties managing our growth.

Our anticipated growth will place a significant strain on our management and on our operational and financial resources and systems. We could face challenges inherent in efficiently managing a more complex business with an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs. Failure to manage our growth effectively could materially adversely affect our business. Additionally, our anticipated growth will increase the demands placed on our third-party suppliers, resulting in an increased need to carefully monitor the available supply of components and services and to scale up our quality assurance programs. There is no guarantee that our suppliers will be able to support our anticipated growth. Any failure by us to manage our growth effectively could have an adverse effect on our ability to achieve our development and commercialization goals.

The size and expected growth of our available market has not been established with precision and may be smaller than we estimate.

Our data on the available market for our current products and future products is based on a number of internal and third-party research reports, estimates and assumptions. While we believe that such research, our assumptions and the data underlying our estimates are reasonable, these assumptions and estimates may not be correct. In addition, the statements in this prospectus relating to, among other things, the expected growth in the market for our IB-Stim are based on a number of internal and third-party data, estimates and assumptions, and may prove to be inaccurate. If the actual number of consumers who would benefit from our products, the price at which we can sell future products or the available market for our products is smaller than we estimate, it could have a material adverse effect on our business, financial condition and results of operations.

If physicians and patients do not accept our current and future products or if the market for indications for which any product candidate is approved is smaller than expected, we may be unable to generate significant revenue, if any.

Even when any of our product candidates obtain regulatory approval, they may not gain market acceptance among physicians, patients, and third-party payers. Physicians may decide not to recommend our treatments for a variety of reasons including:

- timing of market introduction of competitive products;
- demonstration of clinical safety and efficacy compared to other products;
- cost-effectiveness;
- limited or no coverage by third-party payers;
- convenience and ease of administration;
- prevalence and severity of adverse side effects;
- restrictions in the label of the device;
- other potential advantages of alternative treatment methods; and
- ineffective marketing and distribution support of its products.

If any of our product candidates is approved but fails to achieve market acceptance or such market is smaller than anticipated, we may not be able to generate significant revenue and our business would suffer.

Because of the specialized nature of our business, the termination of relationships with our key employees, consultants and advisors may prevent us from successfully operating our business, including developing our products, conducting clinical studies, commercializing our products and obtaining any necessary financing.

We are highly dependent on the members of our executive team, the loss of whose services may adversely impact the achievement of our objectives. While we have entered into employment agreements with each of our key executives, any of them could leave our employment at any time. We do not have “key person” insurance on any of our employees. The loss of the services of one or more of our current employees might impede the achievement of our business objectives.

The competition for qualified personnel in the medical device fields is intense, and we rely heavily on our ability to attract and retain qualified scientific, technical and managerial personnel. Our future success depends upon our ability to attract, retain and motivate highly skilled employees. In order to commercialize our products successfully, we will be required to expand our workforce, particularly in the areas of research and development and clinical studies, sales and marketing and supply chain management. These activities will require the addition of new personnel and the development of additional expertise by existing management personnel. We face intense competition for qualified individuals from numerous pharmaceutical, biopharmaceutical and biotechnology companies, as well as academic and other research institutions. We may not be able to attract and retain these individuals on acceptable terms or at all. Failure to do so could materially harm our business.

Customer or third-party complaints or negative reviews or publicity about our company or our products could harm our reputation and brand.

We are heavily dependent on customers who use our IB-Stim device to provide good reviews and word-of-mouth recommendations to contribute to our growth. Customers who are dissatisfied with their experiences with our products or services may post negative reviews. We may also be the subject of blog, forum or other media postings that include inaccurate statements and/or create negative publicity. In addition, any negative news regarding similar products may adversely impact our business. Any negative reviews or publicity, whether real or perceived, disseminated by word-of-mouth, by the general media, by electronic or social networking means or by other methods, could harm our reputation and brand and could severely diminish consumer confidence in our products.

Adverse global economic conditions could have a negative effect on our business, results of operations and financial condition and liquidity.

A general slowdown in the global economy, including a recession, or in a particular region or industry, an increase in trade tensions with U.S. trading partners, inflation or a tightening of the credit markets could negatively impact our business, financial condition and liquidity. Adverse global economic conditions have from time to time caused or exacerbated significant slowdowns in the industries and markets in which we operate, which have adversely affected our business and results of operations. Macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast revenue, gross profit and expenses, and may make it more difficult to raise or refinance debt. Sustained uncertainty about, or worsening of, current global economic conditions and further escalation of trade tensions between the U.S. and its trading partners, could result in a global economic slowdown and long-term changes to global trade. Such events may also (i) cause our customers and consumers to reduce, delay or forgo spending, (ii) result in customers sourcing products from other suppliers not subject to such restrictions or tariffs, (iii) lead to the insolvency or consolidation of key suppliers and customers, and (iv) intensify pricing pressures. Any or all of these factors could negatively affect demand for our products and our business, financial condition and results of operations.

Additionally, economic conditions in certain regions may also be affected by natural disasters and public health emergencies, such as extreme weather events, and could have a significant adverse effect on our business, including interruption of our commercial and clinical operations, supply chain disruption, endangerment of our personnel, fewer patient visits, increased patient drop-out rates, delays in recruitment of new patients, and other delays or losses of materials and results.

The COVID-19 pandemic could materially adversely impact our business.

As the COVID-19 pandemic continues around the globe, we have experienced and will likely continue to experience disruptions that could severely impact our business and clinical studies, which could include:

- delays and/or difficulties in onboarding active patients and enrolling patients in our clinical studies;
- delays and/or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- declines in prescriptions written due to a perception that our products are difficult to administer remotely or if patients are unwilling to travel to treatment sites or receive in-home treatment assistance from us or other caregivers;
- reductions in third-party reimbursements, which could materially affect our revenue, as most of our patients rely on third-party payers to cover the cost of our products and a material number of our patients could lose access to their private health insurance plan if they or someone in their family lose their job;
- diversion of healthcare resources away from conducting clinical studies, including the diversion of hospitals serving as our clinical study sites and hospital staff supporting the conduct of our clinical studies;
- interruption of key clinical study activities, such as clinical study site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others;
- staff disruptions and turnover internally and at treatment sites and third-party providers who provide support, either directly as a result of illness or indirectly as a result of vaccine mandates and other changes in terms of employment;
- delays in receiving approval from local regulatory authorities or IRBs to initiate our planned clinical studies;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical studies;
- interruption in shipping that may affect the transport of active patient and clinical study materials;
- changes in local regulations as part of a response to the COVID-19 outbreak that may require us to change the ways in which our clinical studies are conducted, which may result in unexpected costs, or to discontinue the clinical studies altogether;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees;
- disruption of our supply chain as our suppliers and common carriers are unable to meet our requirements to provide us the materials we need for clinical study and active patient care needs;
- indirect consequences of the COVID-19 pandemic on the economy in general, such as an increase in bankruptcies of our key suppliers, or the inability of our third-party payers to meet their obligations reimburse us in a timely fashion or at all;
- postponements and cancellations of key conferences and meetings and travel restrictions could interfere with our ability to interact with key thought leaders in the field, leading to a disruption in the rate of adoption of our technology;

- access restrictions at offices, hospitals, and treatment centers, and stakeholder illness could interfere with the ability of our sales force to engage in face-to-face visits with providers, leading to a disruption in the rate of adoption of our technology;
- increases in expenditures for technology and other tools necessary to provide patient care in an environment where both patient and care-giver travel is restricted and access to in-person interaction is limited;
- refusal of the FDA to accept data from clinical studies in affected geographies outside the United States; and
- patient delays in seeking or receiving treatment, either due to fear of infection or lack of access to treatment and study sites, leading to fewer diagnoses of the indications our products are approved to treat or more advanced procession of the disease, which may contraindicate the use of our products or disqualify the patient from participating in a given study.

The global status of the COVID-19 pandemic continues to rapidly evolve. The extent to which the pandemic may impact our business and clinical studies will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the pandemic, travel restrictions and social distancing guidelines, business closures or business disruptions and the effectiveness of actions taken to contain and treat the disease. The response to the pandemic may result in permanent changes to the environment in which we operate as described above in ways we are unable to predict. The COVID-19 pandemic may also have the effect of heightening many of the other risks described herein.

Developing medical technology entails significant technical, regulatory and business risks.

We may fail to adapt our technology to user requirements or emerging treatment standards. Neuromodulation therapies are not currently considered standard of care for IBS and may not ever be considered standard of care. Treatment standards may not evolve to incorporate our product. New industry standards for the development, manufacture and marketing of medical devices may evolve and we may not be able to conform to the changes, meet new standards in a timely fashion or maintain a competitive position in the market. In particular, regulatory standards for electrical treatments of medical conditions are evolving. If we face material delays in introducing our products and new technology, we may fail to attract new customers.

Our Company has an evolving business strategy and investors must be willing to accept a substantial degree of uncertainty.

The Company's strategic focus is on the development of developing neuromodulation therapies to address chronic and debilitating conditions in children. The Company may engage in ongoing discussions with potential licensees, other strategic partners and institutional or private financing sources, the result of which could add to or alter its current strategic focus, cash needs or ownership structure. Investors must be willing to accept a substantial degree of uncertainty and must be willing to rely upon the Company's board of directors and management to complete an appropriate business strategy to commercially exploit targeted business opportunities.

We may not be able to compete with treatments now being marketed and developed, or which may be developed and marketed in the future by other companies.

Our products will compete with existing and new therapies and treatments for chronic and debilitating conditions in children. We are aware of a number of companies currently seeking to develop alternative therapies or treatment for such diseases and conditions at least in part. Numerous pharmaceutical, biotechnology, drug delivery and medical device companies, hospitals, research organizations, individual scientists, and nonprofit organizations are engaged in the development of alternatives to our technology. Some of these companies have greater research and development capabilities, experience, manufacturing, marketing, financial, and managerial resources than we do. Collaborations or mergers between large pharmaceutical or biotechnology companies with competing treatment technologies could enhance our competitors' financial, marketing, and other resources. Developments by other medical device companies could make our products or technologies uncompetitive or obsolete. Accordingly, our competitors may succeed in developing competing technologies, obtaining FDA clearances and/or approval for products or gaining market acceptance more rapidly than we can.

Due in part to our limited financial resources, we may fail to select or capitalize on the most scientifically, clinically or commercially promising or profitable indications or therapeutic areas for our product candidates, and/or we may be unable to pursue the clinical trials that we would like to pursue.

We have limited technical, managerial, and financial resources to determine the indications on which we should focus the development efforts related to our product candidates. Due to our limited available financial resources, we may have curtailed clinical development programs and activities that might otherwise have led to more rapid progress of our product candidates through the regulatory and development processes.

We may make incorrect determinations with regard to the indications and clinical trials on which to focus the available resources that we do have. Furthermore, we cannot assure you that we will be able to retain adequate staffing levels to run our operations and/or to accomplish all of the objectives that we otherwise would seek to accomplish. Our decisions to allocate our research, management, and financial resources toward particular indications or therapeutic areas for our product candidates may not lead to the development of viable commercial products and may divert resources from better opportunities. Similarly, our decisions to delay or terminate product development programs may also cause us to miss valuable opportunities.

We have material weaknesses in our internal control over financing reporting. If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Prior to this offering, due to accounting resource constraints, we have had limited review controls. These constraints have resulted in (1) a lack of segregation of duties, since we have a limited administrative staff, and (2) lack of internal controls structure review. As a result of these constraints, we have a material weakness in our internal control over financing reporting.

Our management is composed of a small number of individuals resulting in a situation where limitations on segregation of duties exist. All responsibility for accounting entries and the creation of financial statements is held by a single person, though the Company engages multiple accounting consultants for accounting, tax and audit support. To remedy this situation, we would need to hire additional staff or financial consultant support. Currently, we are unable to hire additional staff to facilitate greater segregation of duties but will reassess our capabilities after completion of the offering.

In connection with this offering, we intend to begin the process of documenting, reviewing and improving our internal controls and procedures for compliance with Section 404 of the Sarbanes-Oxley Act, which will require annual management assessment of the effectiveness of our internal control over financial reporting. To comply with the requirements of being a public company, the Company has undertaken various actions, and will take additional actions, such as remediating the material weaknesses described above, implementing additional internal controls and procedures and hiring internal audit staff or financial consultants. Testing and maintaining internal controls can divert our management’s attention from other matters that are important to the operation of our business. Additionally, when evaluating internal controls over financial reporting, the Company may identify additional material weaknesses that it may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. If the Company identifies any additional material weaknesses in its internal control over financial reporting or is unable to remediate the material weakness described above or comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or if the Company’s independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting once it is no longer an emerging growth company, or if the Company is unable to conclude in our quarterly and annual reports that our disclosure controls and procedures are effective, investors may lose confidence in the accuracy and completeness of the Company’s financial reports and the market price of our common stock could be negatively affected, and the Company could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

In addition, if the Company fails to remediate any material weakness, including the material weaknesses described above, our financial statements could be inaccurate and the Company could face restricted access to capital markets. Our small size and internal control deficiencies may adversely affect our financial condition, results of operation and access to capital. Moreover, our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed.

We restated our previously issued financial statements.

We determined that a restatement of our December 31, 2021 audited financial statements was required after discussions among management and our independent registered public account firm, Rosenberg Rich Baker Berman, P.A., for certain disclosures that have been expanded or have added clarifications.

You should consult with a tax expert before investing in our Company.

You should consult with your own tax advisor about the tax consequences of investing in the Company through the purchase of its securities.

Risks Related to Legal and Regulatory Matters

Product liability suits, whether or not meritorious, could be brought against us due to alleged defective devices or for the misuse of our products, which could result in expensive and time-consuming litigation, payment of substantial damages and/or expenses and an increase in our insurance rates.

If our current or future devices are defectively designed or manufactured, contain defective components or are misused, or if someone claims any of the foregoing, whether or not meritorious, we may become subject to substantial and costly litigation. For example, we may be sued if our products cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. This may occur if our products are misused or damaged, have a sudden failure or malfunction (including with respect to safety features) or are otherwise impaired due to wear and tear. Even absent a product liability suit, malfunctions of our products or misuse by physicians or patients would need to be remedied swiftly in order to maintain continuous use and ensure efficacy of our products.

Any product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the device, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our products. Even successful defense may require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our products;
- injury to our reputation;
- withdrawal of clinical study participants and inability to continue clinical studies;
- initiation of investigations by regulators;
- costs to prepare for and defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to study participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenues;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any device candidate; and
- a decline in our share price.

Product liability claims could divert management's attention from our core business, be expensive to defend and result in sizable damage awards against us. We may not have sufficient insurance coverage for all claims. Any product liability claims brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing continuing coverage, could harm our reputation in the industry and could reduce revenues. Product liability claims in excess of our insurance coverage would be paid out of cash reserves, if any, which could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline. Even if our agreements with our third-party manufacturers and suppliers entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Other future litigation and regulatory actions could have a material adverse impact on the Company.

From time to time, we may be subject to litigation and other legal and regulatory proceedings relating to our business or investigations or other actions by governmental agencies. No assurances can be given that the results of these or new matters will be favorable to us. An adverse resolution of lawsuits, arbitrations, investigations or other proceedings or actions could have a material adverse effect on our financial condition and results of operations, including as a result of non-monetary remedies. Defending ourselves in these matters may be time-consuming, expensive and disruptive to normal business operations and may result in significant expense and a diversion of management's time and attention from the operation of our business, which could impede our ability to achieve our business objectives. Additionally, any amount that we may be required to pay to satisfy a judgment, settlement, fine or penalty may not be covered by insurance. Subject to the Delaware General Corporation Law, our certificate of incorporation permit us to indemnify any director against any liability, to purchase and maintain insurance against any liability for any director and to provide any director with funds (whether by loan or otherwise) to meet expenditures incurred or to be incurred by such director in defending any criminal, regulatory or civil proceedings or in connection with an application for relief (or to enable any such director to avoid incurring such expenditure). In addition, under our Articles of Incorporation and bylaws (the "Bylaws") we are obligated to indemnify each of our directors and officers against certain liabilities and expenses arising from their being a director or officer to the maximum extent permitted by Delaware law. In the event we are required to make such payments to our directors and officers, there can be no assurance that any of these payments will not be material.

We are subject to consumer protection laws that regulate our marketing practices and prohibit unfair or deceptive acts or practices. Our actual or perceived failure to comply with such obligations could harm our business, and changes in such regulations or laws could require us to modify our products or marketing or advertising efforts.

In connection with the marketing or advertisement of our products, we could be the target of claims relating to false, misleading, deceptive or otherwise noncompliant advertising or marketing practices, including under the auspices of the FTC and state consumer protection statutes. If we rely on third parties to provide any marketing and advertising of our products, we could be liable for, or face reputational harm as a result of, their marketing practices if, for example, they fail to comply with applicable statutory and regulatory requirements.

If we are found to have breached any consumer protection, advertising, unfair competition or other laws or regulations, we may be subject to enforcement actions that require us to change our marketing and business practices in a manner that may negatively impact us. This could also result in litigation, fines, penalties and adverse publicity that could cause reputational harm and loss of customer trust, which could have a material adverse effect on our business, financial condition and results of operations.

We are increasingly dependent on information technology systems and are subject to privacy and security laws. Our products and our systems and infrastructure face certain risks, including from cyber security breaches and data leakage.

We increasingly rely upon technology systems and infrastructure. Our technology systems, including our products, are potentially vulnerable to breakdown or other interruption by fire, power loss, system malfunction, unauthorized access and other events. Likewise, data privacy breaches by employees and others with both permitted and unauthorized access to our products and our systems may pose a risk that protected patient information ("PI") may be exposed to unauthorized persons or to the public, or may be permanently lost. The increasing use and evolution of technology, including cloud-based computing, creates additional opportunities for the unintentional dissemination of information, intentional destruction of confidential information stored in our systems or in non-encrypted portable media or storage devices. We could also experience a business interruption, information theft of confidential information, or reputational damage from industrial espionage attacks, malware or other cyber incidents, which may compromise our system infrastructure or lead to data leakage, either internally or at our third-party service providers or other business partners.

The size and complexity of our computer systems, and scope of our geographic reach, make us potentially vulnerable to information technology system breakdowns, internal and external malicious intrusion, cyberattacks and computer viruses. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure or properly manage third-party contractors who perform data management services on our behalf, then a security breach could subject us to, among other things, transaction errors, business process inefficiencies, the loss of customers, damage to our reputation, business disruptions or the loss of or damage to intellectual property. Such security breaches could expose us to a risk of loss of information, litigation, penalties, remediation costs and potentially significant liability to customers, employees, business partners and regulatory authorities, including, for example, under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") in the United States and Regulation 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data under GDPR in the EU. If our data management systems (including third party data management systems) do not effectively collect, secure, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies, or human error, our ability to effectively plan, forecast and execute our business plan and comply with applicable laws and regulations will be impaired. Any such impairment could materially and adversely affect our financial condition and results of operations.

While we have invested heavily in the protection of data and information technology and in related training, there can be no assurance that our efforts will prevent significant breakdowns, breaches in our systems or other cyber incidents or ensure compliance with all applicable security and privacy laws, regulations, and standards, including with respect to third-party service providers that utilize sensitive personal information, including PI, on our behalf.

A security breach, whether of our products, systems or third-party hosting services we utilize, could disrupt treatments being provided by our products, disrupt access to our customers' stored information, such as patient treatment data and health information, and could lead to the loss of, damage to or public disclosure of such data and information, including patient health information. Such an event could have serious negative consequences, including possible patient injury, regulatory action, fines, penalties and damages, reduced demand for our products, an unwillingness of customers to use our products, harm to our reputation and brand and time-consuming and expensive litigation, any of which could have a material adverse effect on our financial results. We currently carry cyber and privacy liability insurance with an aggregate limit of $1,000,000, but the amount of insurance coverage that we purchased and may purchase in the future may be inadequate. In the future, our insurance coverage may be expensive or not be available on acceptable terms or in sufficient amounts, if at all.

We may choose to, or may be required to, suspend, repeat or terminate our clinical studies if they are not conducted in accordance with regulatory requirements, the results are negative or inconclusive or the studies are not well designed.

Clinical studies must be conducted in accordance with the FDA's cGCPs and the equivalent laws and regulations applicable in other jurisdictions in which the clinical studies are conducted. The clinical studies are subject to oversight by the FDA, regulatory agencies in other jurisdictions, ethics committees and institutional review boards at the medical institutions where the clinical studies are conducted. In addition, clinical studies must be conducted with device candidates produced under the FDA's QSR and in accordance with the applicable regulatory requirements in the other jurisdictions in which the clinical studies are conducted. The conduct of clinical studies may require large numbers of test patients.

The FDA or regulatory agencies in other jurisdictions might delay or terminate our clinical studies of a device candidate for various reasons, including:

- the device candidate may have unforeseen adverse side effects or may not appear to be more effective than current therapies;
- we may not agree with the FDA, a regulatory authority in another jurisdiction or an ethics committee regarding the protocol for the conduct of a clinical study;
- new therapies may become the standard of care while we are conducting our clinical studies, which may require us to revise or amend our clinical study protocols or terminate a clinical study; or
- fatalities may occur during a clinical study due to medical problems that may or may not be related to clinical study treatments.

Furthermore, the process of obtaining and maintaining regulatory approvals in the U.S. and other jurisdictions is lengthy, expensive and uncertain. It can vary substantially, based on the type, complexity and novelty of the product involved. Accordingly, any of our device candidates could take a significantly longer time than we expect to, or may never, gain regulatory approval, which could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline.

Legislative and regulatory changes in the U.S. and in other countries regarding healthcare insurance and government-sponsored reimbursement programs (such as Medicare in the United States) may adversely affect our business and financial results.

We rely to a material degree on highly regulated private and government-run health insurance programs for our revenue in most of the countries in which we operate. The laws and regulations regarding health care programs, both public and private, are driven by public policy considerations that may be unrelated to the direct provision of patient care, such as lowering costs or requiring or limiting access to healthcare options. These laws and regulations are very complicated and there are many requirements we must satisfy in order for our products to become and remain eligible for reimbursement under these programs. In many cases we may have limited negotiating power when negotiating reimbursement rates for our products.

In the future, lawmakers and regulators could also pass additional healthcare laws and implement other regulatory changes at both the national and local levels. These laws and regulations could potentially affect coverage and reimbursement for our products. However, we cannot predict the ultimate content, timing or effect of any future healthcare initiatives or the impact any future legislation or regulation will have on us.

With respect to countries outside the U.S., the national competent authorities in the EU member states, the UK, Switzerland, Israel, Japan, and other jurisdictions are also increasingly active in their goal of reducing public spending on healthcare. We cannot, therefore, guarantee that the treatment of patients with our products would be reimbursed in any particular country or, if successfully included on reimbursement lists, whether we will remain on such lists.

We are subject to extensive post-marketing regulation by the FDA and comparable authorities in other jurisdictions, which could impact the sales and marketing of our products and could cause us to incur significant costs to maintain compliance. In addition, we may become subject to additional regulation in other jurisdictions if we market and sell our products outside of the U.S.

We market and sell our products subject to extensive regulation by the FDA and numerous other federal, state and governmental authorities in other jurisdictions. These regulations are broad and relate to, among other things, the conduct of pre-clinical and clinical studies, product design, development, manufacturing, labeling, testing, product storage and shipping, premarket clearance and approval, conformity assessment procedures, premarket clearance and approval of modifications introduced in marketed products, post-market surveillance and monitoring, reporting of adverse events and incidents, pricing and reimbursement, interactions with healthcare professionals, interactions with patients, information security, advertising and promotion and product sales and distribution. Although IB-Stim already has market clearance from FDA for functional abdominal pain associated with IBS in children, we will require additional FDA clearances to market our products for treating other indications.

In addition, before our products can be marketed in the EU, our products must obtain a CE Certificate from a notified body. New intended uses of CE marked medical devices falling outside the scope of the current CE Certificate require a completely new conformity assessment before the device can be CE marked and marketed in the EU for the new intended use. The process required to gather necessary information and draw up documentation in order to obtain CE Certification of a medical device in the EU can be expensive and lengthy and its outcome can be uncertain. We may make modifications to our products in the future that we believe do not or will not require notifications to our notified body or new conformity assessments to permit the maintenance of our current CE Certificate. If the competent authorities of the EU member states or our notified body disagree and require the conduct of a new conformity assessment, the modification of the existing CE Certificate or the issuance of a new CE Certificate, we may be required to recall or suspend the marketing of the modified versions of our products.

In Japan, new medical devices or new therapeutic uses of medical devices falling outside the scope of the existing approval by the MHLW require a new assessment and approval for each such new device or use. Accordingly, we may be required to obtain a new approval from MHLW before we launch a modified version of our products or the use of our products for additional indications. Approval time frames from the MHLW vary from simple notifications to review periods of one or more years, depending on the complexity and risk level of the device. In addition, importation into Japan of medical devices is subject to "Quality Management System (QMS) Ordinance," which includes the equivalent of "Good Import" regulations in the U.S. As with any highly regulated market, significant changes in the regulatory environment could adversely affect our ability to commercialize our products in Japan.

In the U.S. and other jurisdictions, we also are subject to numerous post-marketing regulatory requirements, which include regulations under the QSR related to the manufacturing of our products, labeling regulations and medical device reporting regulations, which require us to report to the FDA or comparable regulatory authorities in other jurisdictions and our notified body if our products cause or contributes to a death or serious injury, or malfunction in a way that would likely cause or contribute to a death or serious injury. In addition, these regulatory requirements may in the future change in a way that adversely affects us. If we fail to comply with present or future regulatory requirements that are applicable to us, we may be subject to enforcement action by the FDA or comparable regulatory authorities in other jurisdictions and notified bodies, which may include any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- unanticipated expenditures to address or defend such actions;
- patient notification, or orders for repair, replacement or refunds;
- voluntary or mandatory recall, withdrawal or seizure of our current or future devices;
- administrative detention by the FDA or other regulatory authority in another jurisdiction of medical devices believed to be adulterated or misbranded;
- operating restrictions, suspension or shutdown of production;
- refusal or delay of our requests for approval for new intended uses for or modifications to our products or for approval of new devices;
- refusal or delay in obtaining CE Certificates for new intended uses for or modifications to our products;
- suspension, variation or withdrawal of the CE Certificates granted by our notified body in the EU;
- prohibition or restriction of products being placed on the market;
- operating restrictions;
- suspension or withdrawal of approvals that have already been granted;
- refusal to grant export approval for our products or any device candidates; or
- criminal prosecution.

The occurrence of any of these events could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline.

Over time, we expect to make modifications to our products that are designed to improve efficacy, reduce side effects, enhance the user experience or for other purposes. Modifications to our products may require approvals, modified or new CE Certificates and analogous regulatory approvals in other jurisdictions or even require us to cease promoting or to recall the modified versions of our products until such clearances, approvals or modified or new CE Certificates are obtained, and the FDA, comparable regulatory authorities in other jurisdictions or our notified body may not agree with our conclusions regarding whether new approvals are required.

In addition, any substantial change introduced to a medical device or to the quality system certified by our notified body requires a new conformity assessment of the device and can lead to changes to the CE Certificates or the preparation of a new CE Certificate of Conformity. Substantial changes may include, among others, the introduction of a new intended use of the device, a change in its design or a change in the Company's suppliers. Responsibility for determination that a modification constitutes a substantial change lies with the manufacturer of the medical device. We must inform the notified body that conducted the conformity assessment of the products we market or sell in the EU of any planned substantial changes to our quality system or changes to our products that could, among other things, affect compliance with the MDR or the devices' intended use. The notified body will then assess the changes and verify whether they affect the product's conformity with the Essential Requirements laid down in Annex I to the MDD or the conditions for the use of the device. If the assessment is favorable, the notified body will issue a new CE Certificate or an addendum to the existing CE Certificate attesting compliance with the Essential Requirements laid down in Annex I to the MDD. There is a risk that the competent authorities of the EU member states or our notified body may disagree with our assessment of the changes introduced to our products. The competent authorities of the EU member states or our notified body also may come to a different conclusion than the FDA on any given product modification.

In addition, medical devices that have obtained a CE Certification under the MDD may in principle continue to be marketed under such CE Certificate until the CE Certificate expires and at the latest until May 27, 2024, provided that the manufacturer complies with the MDR's additional requirements related to post-marketing surveillance, market surveillance, vigilance, and registration of economic operators and of devices. However, if such medical devices undergo a significant change in their design or intended use, we would need to obtain a new CE Certificate under the MDR for these devices.

If the FDA disagrees with us and requires us to submit a new application for then-existing modifications and/or the competent authorities of the EU member states or our notified body disagree with our assessment of the change introduced in a product, its design or its intended use, we may be required to cease promoting or to recall the modified product until we obtain approval and/or until a new conformity assessment has been conducted in relation to the product, as applicable. In addition, we could be subject to significant regulatory fines or other penalties. Furthermore, our products could be subject to recall if the FDA, comparable regulatory authorities in other jurisdictions, or our notified body determine, for any reason, that our products are not safe or effective or that appropriate regulatory submissions were not made. Any recall or requirement that we seek additional approvals or clearances could result in significant delays, fines, increased costs associated with modification of a product, loss of revenues and potential operating restrictions imposed by the FDA, comparable foreign regulatory authorities in other jurisdictions, or our notified body. Delays in receipt or failure to receive approvals/certification, or the failure to comply with any other existing or future regulatory requirements, could reduce our sales, profitability and future growth prospects.

In addition to FDA requirements, we will spend considerable time and money complying with other federal, state, local and foreign rules, regulations and guidance and, if we are unable to fully comply with such rules, regulations and guidance, we could face substantial penalties.

We are subject to extensive regulation by the U.S. federal government and the states and other countries in which we conduct our business. U.S. federal government healthcare laws apply when we submit a claim on behalf of a U.S. federal healthcare program beneficiary, or when a customer submits a claim for an item or service that is reimbursed under a U.S. federal government-funded healthcare program, such as Medicare or Medicaid. The laws that affect our ability to operate our business in addition to the Federal Food, Drug, and Cosmetic Act and FDA regulations include, but are not limited to, the following:

- the U.S. federal Anti-Kickback Statute, an intent-based federal criminal statute which prohibits knowingly and willfully offering, providing, soliciting or receiving remuneration of any kind to induce or reward, or in return for, referrals or the purchase, lease, order or recommendation or arranging of any items or services reimbursable by a federal healthcare program;
- the Federal Civil False Claims Act, which imposes civil penalties, including through civil whistleblower or "qui tam" actions, for knowingly submitting or causing the submission of false or fraudulent claims of payment to the federal government, knowingly making, using or causing to be made or used a false statement or record material to payment of a false claim or avoiding, decreasing or concealing an obligation to pay money to the federal government;
- the Federal Criminal False Claims Act, which is similar to the Federal Civil False Claims Act and imposes criminal liability on those that make or present a false, fictitious or fraudulent claim to the federal government;
- Medicare laws and regulations that prescribe requirements for coverage and reimbursement, and laws prohibiting false claims or unduly influencing selection of products for reimbursement under Medicare and Medicaid;
- healthcare fraud statutes that prohibit false statements and improper claims to any third-party payer;
- the Federal Physician Self-Referral Law, commonly known as the Stark law, which, absent an applicable exception, prohibits physicians from referring Medicare and Medicaid patients to an entity for the provision of certain designated health services ("DHS"), if the physician (or a member of the physician's immediate family) has an impermissible financial relationship with that entity and prohibits the DHS entity from billing for such improperly referred services;
- the Federal Beneficiary Anti-Inducement Statute, which prohibits the offering of any remuneration to a beneficiary of Medicare or Medicaid that is likely to influence that beneficiary's choice of provider or supplier. This can include, but is not limited to, inappropriate provision of patient services including financial assistance. Recent government investigations have focused on this particular prohibition. There are established exceptions from liability, but we cannot guarantee that all of our practices will fall squarely within those exceptions;
- the U.S. Foreign Corrupt Practices Act, which can be used to prosecute companies in the U.S. for arrangements with physicians or other parties outside the U.S. if the physician or party is a government official of another country and the arrangement violates the law of that country;
- the Federal Trade Commission Act, the Lanham Act and similar federal and state laws regulating truthfulness in advertising and consumer protection; and
- the Federal Physician Payments Sunshine Act, the French Sunshine Act and similar state and foreign laws, which require periodic reporting of payments and other transfers of value made to U.S. and French-licensed physicians, teaching hospitals, and in the U.S., physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, and certified nurse-midwives.

Similar laws exist in the EU, individual EU member states and other countries. These laws are complemented by EU or national professional codes of practices.

HIPAA provides data privacy and security provisions for safeguarding medical information. Additionally, states in the U.S. are enacting local privacy laws (e.g., California). In the EU, the GDPR harmonizes data privacy laws and rules on the processing of personal data, including patient and employee data, across the EU. The GDPR has a number of strict data protection and security requirements for companies processing data of EU residents, including when such data is transferred outside of the EU. Additionally, we need to comply with analogous privacy laws in other jurisdictions in which we operate, such as the Israeli Privacy Protection Law, the Asia Pacific Economic Cooperation Privacy Framework, and Japan's Act on the Protection of Personal Information.

The laws and codes of practices applicable to us are subject to evolving interpretations. Moreover, certain U.S. federal and state laws regarding healthcare fraud and abuse and certain laws in other jurisdictions regarding interactions with healthcare professionals and patients are broad and we may be required to restrict certain of our practices to be in compliance with these laws. Healthcare fraud and abuse laws also are complex and even minor, inadvertent irregularities, or even the perception of impropriety, can potentially give rise to claims that a statute has been violated.

Any violation of these laws could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline. Similarly, if there is a change in law, regulation or administrative or judicial interpretations, we may have to change our business practices or our existing business practices could be challenged as unlawful, which likewise could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline. Fines and penalties for violations of these laws and regulations could include severe criminal and civil penalties, including, for example, significant monetary damages, exclusion from participation in the federal healthcare programs and permanent disbarment of key employees. Any penalties, damages, fines, curtailment or restructuring of our operations would adversely affect our ability to operate our business, our prospects and our financial results. In addition, any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses, divert our management's attention from the operation of our business and damage our reputation.

In addition, although we believe that we have the required licenses, permits and accreditation to dispense our products in the future, a regulator could find that we need to obtain additional licenses or permits. We also may be subject to mandatory reaccreditation and other requirements in order to maintain our billing privileges. Failure to satisfy those requirements could cause us to lose our privileges to bill governmental and private payers. If we are required to obtain permits or licenses that we do not already possess, we also may become subject to substantial additional regulation or incur significant expense.

To ensure compliance with Medicare, Medicaid and other regulations, federal and state governmental agencies and their agents, including MACs, may conduct audits of our operations to support our claims submitted for reimbursement of items furnished to beneficiaries and health care providers. Depending on the nature of the conduct found in such audits and whether the underlying conduct could be considered systemic, the resolution of these audits could adversely impact our revenue, financial condition and results of operations.

If we, our collaborative partners, our contract manufacturers or our component suppliers fail to comply with the FDA's QSR or equivalent regulations established in other countries, the manufacturing and distribution of our products could be interrupted, and our product sales and results of operations could suffer.

We, our collaborative partners, our contract manufacturers and our component suppliers are required to comply with the FDA's QSR and the equivalent quality system requirements imposed by the laws and regulations in other jurisdictions, which are a complex regulatory framework that covers the procedures and documentation of the design, testing, production, control, quality assurance, labeling, packaging, sterilization, storage and shipping of our products. We cannot assure you that our facilities or our contract manufacturers' or component suppliers' facilities would pass any future quality system inspection. If our or any of our contract manufacturers' or component suppliers' facilities fails a quality system inspection, the manufacturing or distribution of our products could be interrupted and our operations disrupted. Failure to take adequate and timely corrective action in response to an adverse quality system inspection could force a suspension or shutdown of our packaging and labeling operations or the manufacturing operations of our contract manufacturers, and lead to suspension, variation or withdrawal of our regulatory approvals or a recall of our products. If any of these events occurs, we may not be able to provide our customers with our products on a timely basis, our reputation could be harmed and we could lose customers, any or all of which could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline.

Our products may in the future be subject to recalls that could harm our reputation, business and financial results.

The FDA and similar governmental authorities in other jurisdictions have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death. In addition, governmental bodies in other jurisdictions have the authority to require the recall of our products in the event of material deficiencies or defects in design or manufacture. Distributors and manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall by us or one of our manufacturers could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. The FDA requires that certain classifications of recalls be reported to the FDA within ten working days after the recall is initiated. Requirements for the reporting of product recalls to the competent authorities are imposed in other jurisdictions in which our products are or would be marketed in the future. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA or to the competent authorities of other countries. In the future, we may initiate voluntary recalls involving our products that we determine do not require notification of the FDA or to other equivalent non-U.S. authorities. If the FDA or the equivalent non-U.S. authorities disagree with our determinations, they could require us to report those actions as recalls. A future recall announcement could harm our reputation with customers and negatively affect our sales. In addition, the FDA and the equivalent non-U.S. authorities could take enforcement action if we fail to report the recalls when they were conducted. Recalls of our products would divert managerial and financial resources and could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline.

If our products cause or contribute to a death or a serious injury, or malfunction in certain ways, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions.

Under the FDA Medical Device Reporting regulations and the equivalent regulations applicable in other jurisdictions in which our products are or may be marketed in the future, medical device manufacturers are required to report to the FDA and to the equivalent non-U.S. authorities information that a device has or may have caused or contributed to a death or serious injury or has malfunctioned in a way that would likely cause or contribute to death or serious injury if the malfunction of the device or one of our similar devices were to recur. If we fail to report these events to the FDA or to the equivalent authorities in other jurisdictions within the required time frames, or at all, the FDA or the equivalent authorities in other jurisdictions could take enforcement action against us. Any such adverse event involving our products also could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection or enforcement action. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business, and may harm our reputation and financial results.

We may be subject to fines, penalties or injunctions if we are determined to be promoting the use of our products for unapproved or off-label uses.

Medical devices may be marketed only for the indications for which they are approved. Our promotional materials and training materials must comply with FDA regulations and other applicable laws and regulations governing the promotion of our products in the U.S. and other jurisdictions.

If the FDA or the competent authorities in other jurisdictions determine that our promotional materials or training constitutes promotion of an unapproved use, they could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance of an untitled or warning letter, an injunction, seizure, civil fines and criminal penalties. It is also possible that authorities in other federal, state or national enforcement in other jurisdictions might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In that event, our reputation could be damaged and the commercialization of our products could be impaired.

We are affected by and subject to environmental laws and regulations that could be costly to comply with or that may result in costly liabilities.

We are subject to environmental laws and regulations, including those that impose various environmental controls on the manufacturing, transportation, storage, use and disposal of hazardous chemicals and other materials used in, and hazardous waste produced by, the manufacturing of our products. We incur and expect to continue to incur costs to comply with these environmental laws and regulations. Additional or modified environmental laws and regulations, including those relating to the manufacture, transportation, storage, use and disposal of materials used to manufacture our products or restricting disposal or transportation of batteries, may be imposed that may result in higher costs.

In addition, we cannot predict the effect that additional or modified environmental laws and regulations may have on us, our third-party suppliers of equipment and our products or our customers.

The pediatrics and medical device industries are characterized by patent and other intellectual property litigation and disputes, and any litigation, dispute or claim against us may cause us to incur substantial costs, could place a significant strain on our financial resources, divert the attention of management from our business, harm our reputation and require us to remove certain devices from the market.

Whether a product infringes a patent or violates other intellectual property rights involves complex legal and factual issues, the determination of which is often uncertain. Any intellectual property dispute, even a meritless or unsuccessful one, would be time consuming and expensive to defend and could result in the diversion of our management's attention from our business and result in adverse publicity, the disruption of research and development and marketing efforts, injury to our reputation and loss of revenues. Any of these events could negatively affect our business, prospects, financial condition and results of operations.

Third parties may assert that our products, the methods employed in the use of our products or other activities infringe on their patents. Such claims may be made by competitors seeking to obtain a competitive advantage or by other parties, many of whom have significantly larger intellectual property portfolios than we have. Additionally, in recent years, individuals and groups have begun purchasing intellectual property assets for the purpose of making claims of infringement and attempting to extract settlements from companies like ours. With respect to our current products, the risk of infringement claims is exacerbated by the fact that there are numerous issued and pending patents relating to the treatment of cancer. Because patent applications can take many years to issue, and in many cases remain unpublished for many months after filing, there may be applications now pending of which we are unaware that may later result in issued patents that our products may infringe.

There could also be existing patents that one or more components of our products or other device candidates may inadvertently infringe. As the number of competitors in the market or other device candidates grows, the possibility of inadvertent patent infringement by us or a patent infringement claim against us increases. To the extent we gain greater market visibility, our risk of being subject to such claims is also likely to increase. If a third party's patent was upheld as valid and enforceable and we were found to be infringing, we could be prevented from making, using, selling, offering to sell or importing our products or other device candidates, unless we were able to obtain a license under that patent or to redesign our systems to avoid infringement. A license may not be available at all or on terms acceptable to us, and we may not be able to redesign our products to avoid any infringement. Modification of our products or development of device candidates to avoid infringement could require us to conduct additional clinical studies and to revise our filings with the FDA and other regulatory bodies, which would be time-consuming and expensive. If we are not successful in obtaining a license or redesigning our devices, we may be unable to make, use, sell, offer to sell or import our devices and our business could suffer. We may also be required to pay substantial damages and undertake remedial activities, which could cause our business to suffer.

We may also be subject to claims alleging that we infringe or violate other intellectual property rights, such as copyrights or trademarks, may have to defend against allegations that we misappropriated trade secrets, and may face claims based on competing claims of ownership of our intellectual property. The confidentiality and assignment of inventions agreements that our employees, consultants and other third parties sign may not in all cases be enforceable or sufficient to protect our intellectual property rights. In addition, we may face claims from third parties based on competing claims to ownership of our intellectual property.

We may employ individuals who were previously employed at other medical device companies, and as such we may be subject to claims that such employees have inadvertently or otherwise used or disclosed the alleged trade secrets or other proprietary information of their former employers. Any such litigation, dispute or claim could be costly to defend and could subject us to substantial damages, injunctions or other remedies, which could have a material adverse effect on our business, prospects, financial condition and results of operations and cause our stock price to decline.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our devices.

As is the case with other medical device companies, our success is heavily dependent on our intellectual property rights, and particularly on our patent rights. Obtaining and enforcing patents in the medical device industry involves both technological and legal complexity, and is therefore costly, time consuming and inherently uncertain. In addition, the U.S. has recently enacted and is currently implementing wide-ranging patent reform legislation. Certain U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents once obtained. Depending on decisions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could further negatively impact the value of our patents, narrow the scope of available patent protection or weaken the rights of patent owners.

Future regulatory action remains uncertain.

We operate in a highly regulated and evolving environment with rigorous regulatory enforcement. Any legal or regulatory action could be time-consuming and costly. If we or the manufacturers or distributors that supply our products fail to comply with all applicable laws, standards, and regulations, action by the FDA or other regulatory agencies could result in significant restrictions, including restrictions on the marketing or use of the products we sell or the withdrawal of the products we sell from the market. Any such restrictions or withdrawals could materially affect our reputation, business and operations.

Our product candidates will remain subject to ongoing regulatory review even after they receive marketing clearances, and if we fail to comply with continuing regulations, we could lose these clearances and the sale of any of our approved commercial products could be suspended.

Even as we received regulatory clearance to market the IB-Stim, the manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion, and record keeping related to IB-Stim will remain subject to extensive regulatory requirements. If we fail to comply with the regulatory requirements of the FDA and other applicable domestic and foreign regulatory authorities or discover any previously unknown problems with any approved product, manufacturer, or manufacturing process, we could be subject to administrative or judicially imposed sanctions, including:

- restrictions on the products, manufacturers, or manufacturing processes;
- warning letters;
- civil or criminal penalties;
- fines;
- injunctions;
- product seizures or detentions;
- pressure to initiate voluntary product recalls;
- suspension or withdrawal of regulatory clearances and/or approvals; and
- refusal to approve pending applications for marketing clearances and/or approval of new products or supplements to approved applications.

Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling certain of our products.

The therapeutic medical device and pharmaceutical industries are characterized by extensive intellectual property litigation and, from time to time, we may become the subject of claims of infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert management and operating personnel from other business issues. A successful claim or claims of patent or other intellectual property infringement against us could result in payment of significant monetary damages and/or royalty payments or negatively impact our ability to sell current or future products in the affected category.

We depend extensively on our patents and proprietary technology and the patents, and we must protect those assets in order to preserve our business.

Although we expect to seek patent protection for any devices, *in silico* products (if any), systems, and processes we discover and/or for any specific use we discover for new or previously known compounds, devices, biologics, products, systems, or processes, any or all of these may not be subject to effective patent protection. In addition, our issued patents may be declared invalid or our competitors may find ways to avoid the claims in the patents.

Our success will depend, in part, on our ability to obtain patents, protect our trade secrets and proprietary knowledge and operate without infringing on the proprietary rights of others. We are the sole assignee of numerous granted United States patents, pending United States patent applications and international patents. The patent position of pharmaceutical and biotechnology firms like us are generally highly uncertain and involves complex legal and factual questions, resulting in both an apparent inconsistency regarding the breadth of claims allowed in United States patents and general uncertainty as to their legal interpretation and enforceability. Accordingly, patent applications assigned to us may not result in patents being issued, any issued patents assigned to us may not provide us with competitive protection or may be challenged by others, and the current or future granted patents of others may have an adverse effect on our ability to do business and achieve profitability.

Moreover, others may independently develop similar products, may duplicate our products, or may design around our patent rights. In addition, as a result of the assertion of rights by a third-party or otherwise, we may be required to obtain licenses to patents or other proprietary rights of others in or outside of the United States. Any licenses required under any such patents or proprietary rights may not be made available on terms acceptable to us, if at all. If we do not obtain such licenses, we could encounter delays in product market introductions during our attempts to design around such patents or could find that the development, manufacture or sale of products requiring such licenses is foreclosed. In addition, we could incur substantial costs in defending suits brought against us or in connection with patents to which we hold licenses or in bringing suit to protect our own patents against infringement.

Due to legal and factual uncertainties regarding the scope and protection afforded by patents and other proprietary rights, we may not have meaningful protection from competition.

Our long-term success will substantially depend upon our ability to protect our proprietary technologies from infringement, misappropriation, discovery and duplication, and avoid infringing the proprietary rights of others. Our patent rights and the patent rights of biotechnology and pharmaceutical companies in general, are highly uncertain and include complex legal and factual issues. Because of this, our pending patent applications may not be granted. These uncertainties also mean that any patents that we own or will obtain in the future could be subject to challenge, and even if not challenged, may not provide us with meaningful protection from competition. Due to our financial uncertainties, we may not possess the financial resources necessary to enforce our patents. Patents already issued to us or our pending applications may become subject to dispute, and any dispute could be resolved against us. Because a substantial number of patents have been issued in the field of neuromodulation therapy and because patent positions can be highly uncertain and frequently involve complex legal and factual questions, the breadth of claims obtained in any application or the enforceability of our patents cannot be predicted. Consequently, we do not know whether any of our pending or future patent applications will result in the issuance of patents or, to the extent patents have been issued or will be issued, whether these patents will be subject to further proceedings limiting their scope, will provide significant proprietary protection or competitive advantage, or will be circumvented or invalidated.

Also, because of these legal and factual uncertainties, and because pending patent applications are held in secrecy for varying periods in the United States and other countries, even after reasonable investigation, we may not know with certainty whether any products that we (or a licensee) may develop will infringe upon any patent or other intellectual property right of a third party. We believe that the patents that we own or have applied for do not infringe any third-party patents; however, we cannot know for certain whether we could successfully defend our position, if challenged. We may incur substantial costs if we are required to defend our intellectual property in patent suits brought by third parties. These legal actions could seek damages and seek to enjoin testing, manufacturing and marketing of the accused product or process. In addition to potential liability for significant damages, we could be required to obtain a license to continue to manufacture or market the accused product or process.

If the third parties on which we rely for the conduct of our clinical trials and results do not perform our clinical trial activities in accordance with good clinical practices and related regulatory requirements, we may be unable to obtain regulatory approval for or commercialize our product candidates.

We may use independent clinical investigators and other third-party service providers to conduct and/or oversee the clinical trials of our product candidates for the foreseeable future.

The FDA requires us and our clinical investigators to comply with regulations and standards, commonly referred to as good clinical practices, for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible and accurate, and that the trial participants are adequately protected. Our reliance on third parties that we do not control does not relieve us of these responsibilities and requirements. Third parties may not complete activities on schedule or may not conduct our clinical trials in accordance with regulatory requirements or the respective trial plans and protocols. The failure of these third parties to carry out their obligations could delay or prevent the development, approval, and commercialization of our product candidates or result in enforcement action against us.

Risks Related to Our Common Stock and this Offering

There has been no public market for our common stock prior to this offering, and an active market in which investors can resell their shares of our common stock may not develop.

Prior to this offering, there has been no public market for our common stock. We have applied to list our common stock on Nasdaq under the symbol "NRXS." The closing of this offering is contingent upon the successful listing of our common stock on the Nasdaq Capital Market. There is no guarantee that Nasdaq, or any other exchange or quotation system, will permit our common stock to be listed and traded.

Even if our common stock is approved for listing on Nasdaq, a liquid public market for our common stock may not develop. The initial public offering price for our common stock has been determined by negotiation between us and the Underwriter based upon several factors, including prevailing market conditions, our historical performance, estimates of our business potential and earnings prospects, and the market valuations of similar companies. The price at which the common stock is traded after this offering may decline below the initial public offering price, meaning that you may experience a decrease in the value of your common stock regardless of our operating performance or prospects.

Volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the initial public offering price.

After this offering, the market price for our common stock is likely to be volatile, in part because our shares have not been traded publicly. In addition, the market price of our common stock may fluctuate significantly in response to several factors, most of which we cannot control, including:

- actual or anticipated variations in our periodic operating results;
- actual or anticipated changes in our growth rate relative to our competitors;
- increases in market interest rates that lead investors of our common stock to demand a higher investment return;
- changes in earnings estimates;
- changes in market valuations of similar companies;
- actions or announcements by our competitors;
- adverse market reaction to any increased indebtedness we may incur in the future;
- sales of our common stock by our officers, directors, or significant stockholders;
- additions or departures of key personnel;
- our progress toward developing our products;
- the commencement, enrollment and results of our future clinical trials;
- adverse results from, delays in or termination of our clinical trials;
- adverse regulatory decisions, including failure to receive regulatory approval;
- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts, if any;
- perceptions about the market acceptance of our products and the recognition of our brand;
- threatened or actual litigation and governmental investigations;
- actions by stockholders;
- speculation in the media, online forums, or investment community; and
- our intentions and ability to list our common stock on Nasdaq and our subsequent ability to maintain such listing.

The public offering price of our common stock has been determined by negotiations between us and the underwriter based upon many factors and may not be indicative of prices that will prevail following the closing of this offering. In addition, the stock market in general, and the stock of early-stage companies like ours in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Such rapid and substantial price volatility, including any stock run-up, may be unrelated to our actual or expected operating performance, financial condition or prospects, making it difficult for investors to assess the rapidly changing value of our stock. Volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the initial public offering price. As a result, you may suffer a loss on your investment.

Certain recent initial public offerings of companies with relatively small public floats comparable to our anticipated public float have experienced extreme volatility that was seemingly unrelated to the underlying performance of the respective company. Our common stock may potentially experience rapid and substantial price volatility, which may make it difficult for prospective investors to assess the value of our common stock.

In addition to the risks addressed above under "*Volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above the initial public offering price*," our common stock may be subject to rapid and substantial price volatility. We may experience extreme stock price volatility unrelated to our actual or expected operating performance, financial condition or prospects, making it difficult for prospective investors to assess the rapidly changing value of our common shares. Recently, there have been instances of extreme stock price run-ups followed by rapid price declines and strong stock price volatility with a number of recent initial public offerings, especially among companies with relatively smaller public floats. As a relatively small-capitalization company with relatively small public float, we may experience greater stock price volatility, extreme price run-ups, lower trading volume and less liquidity than large-capitalization companies. In particular, our common stock may be subject to rapid and substantial price volatility, low volumes of trades and large spreads in bid and ask prices. Such volatility, including any stock-run up, may be unrelated to our actual or expected operating performance, financial condition or prospects, making it difficult for prospective investors to assess the rapidly changing value of our common stock. Because of the low public float and the absence of any significant trading volume, the reported prices may not reflect the price at which you would be able to sell shares if you want to sell any shares you own or buy shares if you wish to buy share.

In addition, if the trading volumes of our shares of common stock are low, persons buying or selling in relatively small quantities may easily influence prices of our shares of common stock. This low volume of trades could also cause the price of our common stock to fluctuate greatly, with large percentage changes in price occurring in any trading day session. Holders of our common stock may also not be able to readily liquidate their investment or may be forced to sell at depressed prices due to low volume trading. Broad market fluctuations and general economic and political conditions may also adversely affect the market price of our common stock. As a result of this volatility, investors may experience losses on their investment in our common stock. A decline in the market price of our common stock also could adversely affect our ability to issue additional shares of common stock or other securities and our ability to obtain additional financing in the future. No assurance can be given that an active market in our common stock will develop or be sustained. If an active market does not develop, holders of our common stock may be unable to readily sell the shares they hold or may not be able to sell their shares at all.

We may not be able to satisfy listing requirements of Nasdaq or maintain a listing of our common stock on Nasdaq.

If our common stock is listed on Nasdaq, we must meet certain financial and liquidity criteria to maintain such listing. If we violate Nasdaq's listing requirements, or if we fail to meet any of Nasdaq's listing standards, our common stock may be delisted. In addition, our board of directors may determine that the cost of maintaining our listing on a national securities exchange outweighs the benefits of such listing. A delisting of our common stock from Nasdaq may materially impair our stockholders' ability to buy and sell our common stock and could have an adverse effect on the market price of, and the efficiency of the trading market for, our common stock. The delisting of our common stock could significantly impair our ability to raise capital and the value of your investment.

We have considerable discretion as to the use of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree.

We intend to use the proceeds from this offering for working capital, sales and marketing activities, research and development, and repayment of our convertible notes. However, we have considerable discretion in the application of the proceeds. Because of the number and variability of factors that will determine our use of our net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. You will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate or other purposes with which you do not agree or that do not improve our profitability or increase our share price. The net proceeds from this offering may also be placed in investments that do not produce income or that lose value. Please see "*Use of Proceeds*" below for more information.

You will experience immediate and substantial dilution as a result of this offering.

As of March 31, 2023, our net tangible book value was approximately $(8.7) million, or approximately $(4.36) per share. Since the effective price per share of our common stock being offered in this offering is substantially higher than the net tangible book value per share of our common stock, you will suffer substantial dilution with respect to the net tangible book value of the common stock you purchase in this offering. Based on the assumed public offering price of $[●] per share of common stock being sold in this offering and our net tangible book value per share as of March 31, 2023, if you purchase shares of common stock in this offering, you will suffer immediate and substantial dilution of $[●] per share (or $[●] per share if the Underwriter exercises the over-allotment option in full) with respect to the net tangible book value of the common stock. See the section titled "*Dilution*" for a more detailed discussion of the dilution you will incur if you purchase securities in this offering.

We do not expect to declare or pay dividends in the foreseeable future.

We do not expect to declare or pay dividends in the foreseeable future, as we anticipate that we will invest future earnings in the development and growth of our business. Therefore, holders of our common stock will not receive any return on their investment unless they sell their securities, and holders may be unable to sell their securities on favorable terms or at all.

If securities industry analysts do not publish research reports on us, or publish unfavorable reports on us, then the market price and market trading volume of our common stock could be negatively affected.

Any trading market for our common stock may be influenced in part by any research reports that securities industry analysts publish about us. We do not currently have and may never obtain research coverage by securities industry analysts. If no securities industry analysts commence coverage of us, the market price and market trading volume of our common stock could be negatively affected. In the event we are covered by analysts, and one or more of such analysts downgrade our securities, or otherwise reports on us unfavorably, or discontinues coverage of us, the market price and market trading volume of our common stock could be negatively affected.

Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock-up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our common stock to decline and would result in the dilution of your holdings.

Future issuances of our common stock or securities convertible into, or exercisable or exchangeable for, our common stock, or the expiration of lock-up agreements that restrict the issuance of new common stock or the trading of outstanding common stock, could cause the market price of our common stock to decline. We cannot predict the effect, if any, of future issuances of our securities, or the future expirations of lock-up agreements, on the price of our common stock. In all events, future issuances of our common stock would result in the dilution of your holdings. In addition, the perception that new issuances of our securities could occur, or the perception that locked-up parties will sell their securities when the lock-ups expire, could adversely affect the market price of our common stock. In connection with this offering, we will enter into a lock-up agreement that prevents us, subject to certain exceptions, from offering additional shares of capital stock for up to six months after the closing of this offering, as further described in the section titled "*Underwriting*." In addition to any adverse effects that may arise upon the expiration of these lock-up agreements, the lock-up provisions in these agreements may be waived, at any time and without notice. If the restrictions under the lock-up agreements are waived, our common stock may become available for resale, subject to applicable law, including without notice, which could reduce the market price for our common stock.

Future issuances of debt securities, which would rank senior to our common stock upon our bankruptcy or liquidation, and future issuances of preferred stock, which could rank senior to our common stock for the purposes of dividends and liquidating distributions, may adversely affect the level of return you may be able to achieve from an investment in our common stock.

In the future, we may attempt to increase our capital resources by offering debt securities. Upon bankruptcy or liquidation, holders of our debt securities, and lenders with respect to other borrowings we may make, would receive distributions of our available assets prior to any distributions being made to holders of our common stock. Moreover, if we issue preferred stock, the holders of such preferred stock could be entitled to preferences over holders of common stock in respect of the payment of dividends and the payment of liquidating distributions. Because our decision to issue debt or preferred stock in any future offering, or borrow money from lenders, will depend in part on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings or borrowings. Holders of our common stock must bear the risk that any future offerings we conduct or borrowings we make may adversely affect the level of return, if any, they may be able to achieve from an investment in our common stock.

If our shares of common stock become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on Nasdaq or another national securities exchange and if the price of our common stock is less than $5.00, our common stock could be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

We will be subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies, and our stockholders could receive less information than they might expect to receive from more mature public companies.

Upon the completion of this offering, we will be required to publicly report on an ongoing basis as an "emerging growth company" (as defined in the JOBS Act) under the reporting rules set forth under the Exchange Act. For so long as we remain an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other Exchange Act reporting companies that are not emerging growth companies, including but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- being permitted to comply with reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; and
- being exempt from the requirement to hold a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We expect to take advantage of these reporting exemptions until we are no longer an emerging growth company. We would remain an emerging growth company for up to five years, although if the market value of our common stock that is held by non-affiliates exceeds $700 million as of any June 30 before that time, we would cease to be an emerging growth company as of the following December 31.

Because we will be subject to ongoing public reporting requirements that are less rigorous than Exchange Act rules for companies that are not emerging growth companies, our stockholders could receive less information than they might expect to receive from more mature public companies. We cannot predict if investors will find our common stock less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our common stock.

Because the Company is a "smaller reporting company," we may take advantage of certain scaled disclosures available to us, resulting in holders of our securities receiving less Company information than they would receive from a public company that is not a smaller reporting company.

We are a "smaller reporting company" as defined in the Exchange Act. As a smaller reporting company, we may take advantage of certain of the scaled disclosures available to smaller reporting companies and will be able to take advantage of these scaled disclosures for so long as (i) our common stock held by non-affiliates is less than $250 million measured on the last business day of our second fiscal quarter, or (ii) our annual revenue is less than $100 million during the most recently completed fiscal year and our common stock held by non-affiliates is less than $700 million measured on the last business day of our second fiscal quarter. To the extent we take advantage of any reduced disclosure obligations, it may make it harder for investors to analyze the Company's results of operations and financial prospectus in comparison with other public companies.

As a smaller reporting company, we are permitted to comply with scaled-back disclosure obligations in our SEC filings compared to other issuers, including with respect to disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have elected to adopt the accommodations available to smaller reporting companies. Until we cease to be a smaller reporting company, the scaled-back disclosure in our SEC filings will result in less information about our company being available than for other public companies.

If investors consider our common stock less attractive as a result of our election to use the scaled-back disclosure permitted for smaller reporting companies, there may be a less active trading market for our common stock and our share price may be more volatile.

As a "smaller reporting company," we may at some time in the future choose to exempt our Company from certain corporate governance requirements that could have an adverse effect on our public shareholders.

Under Nasdaq rules, a "smaller reporting company," as defined in Rule 12b-2 under the Exchange Act, is not subject to certain corporate governance requirements otherwise applicable to companies listed on Nasdaq. For example, a smaller reporting company is exempt from the requirement of having a compensation committee composed solely of directors meeting certain enhanced independence standards, as long as the compensation committee has at least two members who do meet such standards. Although we have determined not to avail ourselves of this or other exemptions from Nasdaq requirements that are or may be afforded to smaller reporting companies while we will seek to maintain our shares on Nasdaq, in the future we may elect to rely on any or all of these exemptions. By electing to utilize any such exemptions, our Company may be subject to greater risks of poor corporate governance, poorer management decision-making processes, and reduced results of operations from problems in our corporate organization. Consequently, if we were to avail ourselves of these exemptions, our stock price might suffer, and there is no assurance that we would be able to continue to meet all continuing listing requirements of Nasdaq from which we would not be exempt, including minimum stock price requirements.

USE OF PROCEEDS

Based upon an assumed public offering price of $[●] per share, we estimate that we will receive net proceeds from this offering, after deducting the underwriting discounts and the estimated offering expenses payable by us, of approximately $[●] million assuming the Underwriter does not exercise its over-allotment option. We will not receive any of the proceeds from the sale of common stock in this offering by the Selling Stockholders identified in this prospectus.

We plan to use the net proceeds we receive from this offering for the following purposes:

	Use of Net Proceeds	
Sales and Marketing	$	[●]
Research and Development[(1)]	$	[●]
Executive Officer Contract Payments[(2)]	$	[●]
General Corporate Purposes[(3)]	$	[●]

(1) Includes all funding of our IB-Stim device through the 510(k) De Novo FDA review for functional abdominal pain and IBS in children, as well as anticipated funding needed to achieve the regulatory milestones for our technology in respect of other indications identified in the chart captioned "FDA Pipeline Indications" under "*Prospectus Summary—Our Pipeline*."

(2) Represents payments to our executive officers pursuant to their respective employment agreements. For more information, see "*Executive Officer and Director Compensation —Employment Agreements*."

(3) Includes $50,000 payable to Exchange Listing upon the listing of our common stock on Nasdaq and approximately $60,000 to repay the balance of two loans payable to a member of our board of directors. See "*Prospectus Summary—Recent Developments*" and "*Certain Relationships and Related Persons Transactions*," respectively, for more information.

We believe that our existing cash and cash equivalents, together with proceeds from this offering, will be sufficient to fund our operating expenses and capital expenditure requirements through at least the next 12 months. The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. However, the nature, amounts and timing of our actual expenditures may vary significantly depending on numerous factors. As a result, our management has and will retain broad discretion over the allocation of the net proceeds from this offering. We may find it necessary or advisable to use the net proceeds from this offering for other purposes, and we will have broad discretion in the application of net proceeds from this offering. To the extent that the net proceeds we receive from this offering are not immediately used for the above purposes, we intend to invest our net proceeds in short-term, interest-bearing bank deposits or debt instruments.

DIVIDEND POLICY

The Company has not declared or paid any cash dividend on its common stock, and it currently intends to retain future earnings, if any, to finance the expansion of its business, and the Company does not expect to pay any cash dividends in the foreseeable future. The decision whether to pay cash dividends on its common stock will be made by its board of directors, in their discretion, and will depend on the Company's financial condition, results of operations, capital requirements and other factors that its board of directors considers significant.

CAPITALIZATION

Set forth below is our capitalization as of March 31, 2023:

- on an actual basis;
- on a pro forma basis to reflect conversion of the Series A and Series Seed Preferred Stock in connection with this offering, and issuance of 125,000 shares of common stock to Exchange Listing, LLC for services in connection with the offering and 125,000 shares of common stock to Exchange Listing, LLC for future services in connection with the latest advisory agreement, 50,000 shares of common stock issued to Lucosky Brookman LLP in partial settlement of accounts payable in connection with the closing of this offering; and
- on a pro forma as adjusted basis to reflect the issuance and sale of the shares by us in this offering at the assumed public offering price of $[●] per shares, after deducting the estimated underwriting discounts and the estimated offering expenses payable by us and the elimination of the derivative liability of $1,947,630 and warrant liability of $3,541,532 valued at March 31, 2023, the conversion of $5,222,222 of the convertible notes into common stock, the repayment of the remaining convertible note balance of $416,667, the repayment of the $52,600 promissory note from Exchange Listing, LLC, and the repayment of the approximately $60,000 balance of two loans payable to a member of our board of directors.

The as adjusted information below is illustrative only, and our capitalization following the completion of this offering will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. You should consider this table in conjunction with "*Use of Proceeds*" above as well as our "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company," and our audited and unaudited financial statements and the notes to those financial statements included elsewhere in this prospectus.

	As of March 31, 2023		
	Actual (Unaudited)	**Pro Forma (Unaudited)**	**Pro Forma As Adjusted (Unaudited)**
Cash and cash equivalents	$ 45,463	$ [●]	$ [●]
Total liabilities	9,325,388	[●]	[●]
Total stockholders' equity:			
Common stock, par value $0.001 per share, 100,000,000 shares authorized, 1,963,322 shares issued and outstanding on an actual basis, [●] shares issued and outstanding on a pro forma basis, and [●] shares issued and outstanding on a pro forma as adjusted basis as of March 31, 2023;	1,963	[●]	[●]
Convertible Series A Preferred Stock, par value $0.001 per share, 1,000,000 shares authorized, 506,635 shares issued and outstanding on an actual basis, 0 shares issued and outstanding on a pro forma basis, and 0 shares issued and outstanding on a pro forma as adjusted basis as of March 31, 2023;	507	—	—
Convertible Series Seed Preferred Stock, par value $0.001 per share, 120,000 shares authorized, 115,477 shares issued and outstanding on an actual basis, 0 shares issued and outstanding on a pro forma basis, and 0 shares issued and outstanding on a pro forma as adjusted basis as of March 31, 2023;	115	—	—
Additional paid in capital	28,355,230	[●]	[●]
Accumulated (deficit)	(36,104,838)	[●]	[●]
Total stockholders' (deficit) equity	(7,747,023)	[●]	[●]
Capitalization	$ 1,578,365	$ [●]	$ [●]

The "Actual" column in the table above is based on 1,963,322 shares of common stock outstanding as of March 31, 2023, the "Pro Forma" column includes an additional 230,954 and 1,013,274 shares of common stock upon the conversion of the Series Seed Preferred Stock and the Series A Preferred Stock, respectively, and issuance of 125,000 shares of common stock to Exchange Listing, LLC for services in connection with the offering and 125,000 shares of common stock to Exchange Listing, LLC for future services in connection with the latest advisory agreement, 50,000 shares of common stock issued to Lucosky Brookman LLP in partial settlement of accounts payable in connection with the closing of this offering, and the "Pro Forma As Adjusted" column includes an additional [●] shares of common in connection with the offering, [●] shares of common stock in connection with the convertible notes, and in all cases excludes, as of such date:

- 289,779 shares of our common stock issuable upon exercise of warrants to purchase shares of Series A Preferred Stock converting to warrants to purchase shares of common stock. (See "*Description of Our Securities—Warrants*" for more information);
- 770,284 shares of our common stock issuable upon exercise of warrants to purchase common stock (see "*Description of Our Securities—Warrants*" for more information);
- [●] shares of our common stock issuable upon exercise of the Underwriter's Warrants to purchase common stock;
- [●] shares issuable upon exercise of warrants issuable to Exchange Listing, LLC upon the listing of our common stock on Nasdaq (see "*Prospectus Summary—Recent Developments*" for more information); and
- 1,319,394 shares of our common stock issuable upon exercise of options to purchase common stock.

DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent of the difference between the offering price per share of our common stock and the as-adjusted net tangible book value per share of our common stock immediately after the offering. Historical net tangible book value per share represents the amount of the Company's total tangible assets less total liabilities, divided by the number of shares of its common stock outstanding.

The historical net tangible book value (deficit) of our common stock as of March 31, 2023, was approximately $(8.7) million or $(4.36) per share based upon shares of common stock outstanding on such date. Historical net tangible book value (deficit) per share represents the amount of its total tangible assets reduced by the amount of its total liabilities, divided by the total number of shares of common stock outstanding. The effect of the conversion of the Series A, Series Seed, and issuance of shares pursuant to consulting agreements to the historical net tangible book value (deficit) is $[●] per share based upon shares of common stock outstanding as of March 31, 2023.

After giving effect to the Company's sale of all of the [●] shares of common stock offered in this offering at a public offering price of $[●] per share, issuance of shares of common stock from convertible notes, after deducting estimated underwriting discounts and commissions and the Company's estimated offering expenses, and paying the remainder of the convertible notes, the Company's pro forma as adjusted net tangible book value as of March 31, 2023 would have been $[●] million or $[●] per share. This represents an immediate increase in net tangible book value of $[●] per share to the Company's existing stockholders, and an immediate dilution in net tangible book value of $[●] per share to new investors. The following table illustrates this per share dilution:

Assumed public offering price per share	$	[●]
Historical net tangible value (deficit) per share as of March 31, 2023	$	(4.36)
Increase per share attributable to the conversion of preferred stock and stock issuances		[●]
Pro forma deficiency in net tangible book value per share as of March 31, 2023, before giving effect to this offering	$	[●]
Increase attributable to new investors in this offering		[●]
As adjusted, net tangible book value per share after the offering	$	[●]
Dilution per share to new investors in this offering	$	[●]

The information discussed above is illustrative only, and the dilution information following this offering will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. A $1.00 increase (decrease) in the assumed public offering price of $[●] per share would increase (decrease) the pro forma as adjusted net tangible book value by $[●], $([●]) per share and increase the dilution to new investors by $[●] per share and decrease the dilution to new investors by $[●] per share, assuming the number of shares offered by the Company, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by the Company. The Company may also increase or decrease the number of shares it is offering. An increase of 100,000 shares offered by it would increase the pro forma as adjusted net tangible book value by $[●] per share and decrease the dilution to new investors by $[●] per share, assuming the assumed public offering price of $[●] per share remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by the Company. Similarly, a decrease of 100,000 shares offered by the Company would decrease the pro forma as adjusted net tangible book value by $[●] per share and increase the dilution to new investors by $[●] per share, assuming the assumed public offering price of $[●] per share remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by the Company.

If the Underwriter's over-allotment option to purchase additional shares and/or warrants from the Company is exercised in full, and based on the assumed public offering price of $[●] per share, the pro forma as adjusted net tangible book value per share after this offering would be $[●] per share, the increase in as adjusted net tangible book value per share to existing stockholders would be $[●] per share and the dilution to new investors purchasing shares in this offering would be $[●] per share.

The number of shares of common stock outstanding is based on 1,963,322 shares of common stock issued and outstanding as of March 31, 2023, and excludes the following:

- 289,779 shares of our common stock issuable upon exercise of warrants to purchase shares of Series A Preferred Stock converting to warrants to purchase shares of common stock. (See "*Description of Our Securities—Warrants*" for more information);
- 770,284 shares of our common stock issuable upon exercise of warrants to purchase common stock (see "*Description of Our Securities—Warrants*" for more information);
- [●] shares of our common stock issuable upon exercise of the Underwriter's Warrants to purchase common stock;
- [●] issuable upon exercise of warrants issuable to Exchange Listing, LLC upon the listing of our common stock on Nasdaq (see "*Prospectus Summary—Recent Developments*" for more information); and
- 1,319,394 shares of our common stock issuable upon exercise of options to purchase common stock

Except as otherwise indicated herein, all information in this prospectus assumes:

- no exercise of the outstanding options or warrants, described above; and
- no exercise of the Underwriter's option to purchase up to an additional [●] shares of common stock to cover over-allotments, if any, or any warrants issued to the Underwriter as compensation.

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 financial statements and the related notes appearing at the end of this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, 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 "Certain Note Regarding Forward-Looking Statements" and "Risk Factors" sections of this prospectus 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 11-18 years of age with functional abdominal pain associated with IBS. Our device already has market clearance from FDA for functional abdominal pain associated with IBS in children. Other indications in our pipeline are comprised of functional nausea in children, post-concussion syndrome in children, and cyclic vomiting syndrome in children. For more information, see "*Business—Our Pipeline*" and "*—Products*."

Since our inception, we have incurred significant operating losses. Our net loss was $2.2 million and $0.5 million for the three months ended March 31, 2023 and 2022, respectively, and $4.8 million and $3 million for the years ended December 31, 2022, and 2021, respectively. As of March 31, 2023, we had an accumulated deficit of $36.1 million. Our auditors have expressed substantial doubt about our ability to continue as a going concern paragraph 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. 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 costs $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 six or more devices per patient.

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 to 90 days. Our largest sales were to three hospitals representing approximately 45% and 56% of total sales for the three months ended March 31, 2023 and 2022, respectively, and to four hospitals representing approximately 58% and 57% of total sales for the years ended December 31, 2022 and 2021, respectively.

Inflation did not have a material impact on our operations for any applicable period, and we do not expect inflation to have a material impact on our operations for the foreseeable future.

Expenses

We have four categories of expenses: cost of goods sold, selling expenses, research and development ("R&D"), and general and administrative ("G&A").

Costs of goods sold consist of costs paid for the IB-Stim device to our contract manufacturer along with periodic inventory adjustments and expired inventory write-offs. We ramped up production in 2018 and 2019 to meet expected demand and avoid any inventory shortages. This resulted in some excess inventory that did expire. We had no costs for expired inventory for the three months ended March 31, 2023 and 2022. The costs of expired inventory were $10k and $48k for the years ended December 31, 2022 and 2021, respectively, representing 3.4% and 10.4% of our costs of goods sold, respectively. Expired inventory expense is related to our FDA clearance for our device in the treatment of functional abdominal pain associated with IBS in children. Specifically, a certain component of our IB-Stim device is cleared for a two-year period after the date the device is manufactured, and if the device is not sold in such period, we must take the device out of inventory and write it off. We had no expired inventory for the three months ended March 31, 2023 and 2022. Accordingly, expired inventory has not been material to our results, averaging less than 1% of revenue over the past four years. We have a fixed-price contract with the manufacturer of our IB-Stim device to produce the device. We expect production costs to remain relatively constant and only nominal inventory expirations in the foreseeable future.

Our core selling expenses primarily consist of commissions and shipping costs. These expense items are generally correlated with sales.

R&D expense is attributable to our clinical trials and related efforts to have our IB-Stim device cleared by the FDA for other indications. We expect to spend approximately $0.3 million for research and development in 2023 for clinical trials for cyclic vomiting syndrome in children, and we anticipate that these costs will decrease in 2024 as a majority of the clinical trials will be completed.

G&A expense consists of payroll and professional fees and is our most significant expense category. Payroll and professional fees account for approximately 89.6% of our G&A expenses. The balance of the expenses are normal operating expenses for facility expenses, utilities, travel, etc. We expect G&A expenses to increase during the remainder of 2023 as we transition to operating as a public company, but we expect G&A expense to stabilize within two years of completion of this offering.

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 revenue less cost of goods sold, and gross margin as gross profit divided by revenue. 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 device, production volume, order flows, change in mix of customers, third-party manufacturing costs related to components of our IB-Stim device, and cost-reduction strategies. We expect our gross profit to increase for the foreseeable future as our revenue 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, 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.

Results of Operations

Comparison of Three Months Ended March 31, 2023 and 2022

	Three Months Ended March 31,	
	2023	**2022**
Net sales	$ 805,110	$ 770,267
Costs of goods sold	95,900	75,200
Gross profit	709,210	695,067
Selling expenses	107,932	135,880
Research and development	16,797	44,398
General and administrative	1,480,755	1,028,096
Operating loss	$ (896,274)	$ (513,307)
Other income (expense):		
Financing charges	(2,772)	—
Interest expense	(161,689)	(26,100)
Change in fair value of warrant liability	234,807	—
Change in fair value of derivative financial instruments	191,297	—
Amortization of debt discount and issuance cost	(2,662,655)	—
Extinguishment of derivative liabilities	1,129,498	—
Other Income	1,550	10
Other expense	(7,172)	257
Total other income (expense)	(1,277,136)	(25,833)
Net loss	**$ (2,173,410)**	**$ (539,140)**

Net Sales

Net sales increased approximately $35 thousand, or 4.5%, from $770 thousand for the three months ended March 31, 2022, to $805 thousand for the three months ended March 31, 2023. The increase was primarily due to ordering patterns of our major customers. We believe net sales will increase as we ramp up our marketing efforts and as our IB-Stim device is cleared by the FDA for other indications, such as functional nausea, post-concussion syndrome and cyclic vomiting syndrome in children. For more information, see "*Business—Our Pipeline*."

Costs of Goods Sold

Costs of goods sold increased approximately 27.5% in the three months ended March 31, 2023, as compared to the three months ended March 31, 2022, mainly because of increased product sales discussed above. We expect costs of goods sold to remain relatively constant as we grow, primarily due to our current pricing with our contract manufacturer.

Gross Profit

Gross profit increased approximately $14 thousand, from $695 thousand for the three months ended March 31, 2022, to $709 thousand for the three months ended March 31, 2023, representing 88.1% of revenue in the 2023 period and 90.2% of revenue in the 2022 period. The increase was primarily due to increased sales in 2023. We believe gross profit will continue to grow as sales increase, which, in turn, is tied to broader insurance coverage.

Gross Margin

Gross margin decreased approximately 2.3%, from 88.1% for the three months ended March 31, 2023, to 90.2% for the three months ended March 31, 2022. The decrease was primarily due to slightly higher cost of sales due to increased purchases to replenish inventory.

Selling Expenses

Selling expenses were down 20.6% in the three months ended March 31, 2023, as compared to the three months ended March 31, 2022. This was primarily due to lower commission costs in 2023. The commission costs were directly attributable to the decrease in commission rate from 15.0% in 2022 to 12.0% in 2023.

Research and Development

R&D expense decreased 62.2% in the three months ended March 31, 2023, as compared to the three months ended March 31, 2022, and this decrease was due to more studies and clinical trials expense in the 2022 period. R&D costs are expected to increase during the remainder of 2023.

General and Administrative

G&A expense increased approximately 44.0% in the three months ended March 31, 2023, as compared to the three months ended March 31, 2022. This increase was due primarily to wages and professional fees related to the initial public offering. We expect G&A expense to decrease in 2024 primarily because of reduced costs after the offering.

Operating Loss

Our operating loss increased $383 thousand, or 74.6%, for the three months ended March 31, 2023, as compared to the three months ended March 31, 2022, primarily due to increased wages and professional fees.

Other Income (Expense)

Other expense increased $1.3 million for the three months ended March 31, 2023 and was primarily attributable to an increase in interest expense, financing charges, and amortization of the debt discount. These losses were primarily offset by extinguishment of derivative liability due to repayment of some of the convertible notes, and favorable changes in the fair value of the derivative and warrant liabilities.

Net Loss

Our net loss increased approximately $1.6 million, or 303.1%, in the three months ended March 31, 2023, as compared to the three months ended March 31, 2022. The change was attributable to the increase in G&A expenses, and the other income (expense) section discussed above.

Comparison of Year Ended December 31, 2022, and Year Ended December 31, 2021

	Years Ended December 31,	
	2022	**2021**
Net sales	$ 2,684,735	$ 2,721,286
Costs of goods sold	297,060	467,656
Gross profit	2,387,675	2,253,630
Selling expenses	410,883	455,879
Research and development	225,610	203,414
General and administrative	5,123,420	4,564,371
Operating loss	$ (3,372,238)	$ (2,970,034)
Other income (expense):		
Financing charges	(2,322,216)	—
Interest expense	(318,666)	(36,928)
Change in fair value of warrant liability	606,049	(29,342)
Change in fair value of derivative financial instruments	713,989	—
Amortization of debt discount and issuance cost	(98,935)	—
Other income	11,956	8,272
Total other income (expense)	(1,407,823)	(57,998)
Net loss	**$ (4,780,061)**	**$ (3,028,032)**

Net Sales

Net sales remained flat at $2.7 million for the years ended December 31, 2022 and 2021. This was primarily due to the Company's focus on gaining further insurance coverage for our products, funding, and the initial public offering.

Costs of Goods Sold

Costs of goods sold decreased approximately 36%, in the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to a reduction in promotional sales orders. In 2021, the Company sold some devices at a discounted price or gave them away to stimulate demand and gain new customers.

Gross Profit

Gross profit increased approximately $0.1 million, from $2.3 million for the year ended December 31, 2021, to $2.4 million for the year ended December 31, 2022, representing 88.9% of revenue in 2022 and 82.8% of revenue in 2021. The increase was primarily due to the decrease in cost of goods sold combined with flat sales in 2022.

Gross Margin

Gross margin increased approximately 7.4%, from 82.8% for the year ended December 31, 2021, to 88.9% for the year ended December 31, 2022. The increase was primarily due to the decrease in cost of goods sold combined with flat sales in 2022.

Selling Expenses

Selling expenses were down 9.9% in the year ended December 31, 2022, as compared to the year ended December 31, 2021. This was primarily due a decrease in commission expense of $47 thousand. This was attributable to a slight decrease in sales and a decrease in the commission rate from 15% to 12% mid-year of 2022.

Research and Development

R&D expense increased 10.9% in the year ended December 31, 2022, as compared to the year ended December 31, 2021, and this increase was due to our support and expansion of clinical trials to get our IB-Stim device cleared for other indications. R&D costs represented 8.4% of net sales and 7.5% of net sales in 2022 and 2021, respectively.

General and Administrative

General and administrative expense increased approximately 12.3% in the year ended December 31, 2022, as compared to the year ended December 31, 2021. This was due primarily to increased costs associated with the public offering including investor relations, professional fees, payroll, insurance, and travel.

Operating Loss

Our operating loss increased $0.4 million, or 13.5%, for the year ended December 31, 2022, as compared to the year ended December 31, 2021, primarily due to flat sales and increased general and administrative expenses.

Other Income (Expense)

Other expense increased 1.3 million for the year ended December 31, 2022 and was primarily attributable to an increase in interest expense, financing charges, and amortization of the debt discount. These losses were primarily offset by favorable changes in the fair value of the derivative and warrant liabilities.

Net Loss

Our net loss increased approximately $1.8 million, or 57.9%, in the year ended December 31, 2022, as compared to the year ended December 31, 2021. The change was attributable to the increase in G&A, and the other income (expense) section discussed above.

Liquidity and Capital Resources

We had cash on hand of approximately $45 thousand at March 31, 2023, as compared to cash-on-hand of approximately $86 thousand at March 31, 2022. Working capital for March 31, 2023 was $(8.8) million, as compared to working capital of $(1.5) million at March 31, 2022. The decrease in working capital was due to liabilities assumed in connection with issuance of the Notes. See "*—Recent Developments*."

We had cash on hand of approximately $0.3 million at December 31, 2022, as compared to cash-on-hand of approximately $0.3 million at December 31, 2021. Working capital at December 30, 2022 was $(6.5) million, as compared to working capital of $(0.9) million at December 31, 2021. The decrease in working capital was due to cash used by operating activities of $2.9 million, and liabilities assumed in connection with the issuance of convertible notes. See "*—Recent Developments*."

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 March 31, 2023, we had an stockholders' deficit of approximately $7.7 million. At March 31, 2023, we had short-term outstanding borrowings of approximately $581 thousand, net of discounts of $4,481,355. As of March 31, 2023, we had cash of approximately $45 thousand and a working capital deficit of approximately $8.8 million.

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 2023 and beyond. Based on our current operating plans, we believe that our existing cash at the time of this filing will only be sufficient to meet our anticipated operating needs through July 2023.

We anticipate our sales over the next 12 months to be approximately $5 million, assuming our expectations with respect to acceptance by insurance providers are generally correct, and we anticipate our liquidity needs over this period to be approximately $7 million. We expect proceeds from this offering to fund our capital needs for the following 12 months.

Additionally, we will 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. We anticipate over the next 12 months the cost of being a reporting public company will be approximately $0.5 million.

The following table summarizes our cash flows from operating, investing, and financing activities for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	**2022**
Net cash used in operating activities	$ (622,912)	$ (193,913)
Net cash used by investing activities	(7,608)	—
Net cash provided by (used in) financing activities	422,284	(41,440)

Operating Activities – Cash used in operating activities primarily consisted of general and administrative expense resulting in a net loss for the year. The net loss was partially offset by favorable changes in accounts payable in the 2023 period, and the net loss was negatively impacted with changes in accounts receivable, inventory, and other current assets.

Investing Activities – Net cash provided by investing activities primarily consisted of equipment additions.

Financing Activities - Net cash provided by financing activities in the three months ended March 31, 2023, primarily consisted of proceeds from new convertible debt. Net cash used by financing activities in the three months ended March 31, 2022, primarily consisted of principal payments on notes payable.

The following table summarizes our cash flows from operating, investing, and financing activities for the years ended December 31, 2022 and 2021:

	Years Ended December 31,	
	2022	**2021**
Net cash used in operating activities	$ (2,298,004)	$ (2,234,326)
Net cash used by investing activities	(61,205)	(1,390)
Net cash provided by financing activities	2,292,050	661,099

Operating Activities – Cash used in operating activities primarily consisted of general and administrative expense that more than offset sales, resulting in a net loss for the year. The net loss was partially offset by favorable changes in warrant liabilities and accounts payable in 2022, and net loss was partially offset by favorable changes in accounts receivable and accounts payable in 2021.

Investing Activities – Net cash used in investing activities primarily consisted of equipment additions.

Financing Activities - Net cash provided by financing activities in 2022 primarily consisted of proceeds from convertible notes.

Net cash provided by financing activities in 2021 primarily consisted of proceeds from the sale of preferred stock. We also borrowed $250,000 from a third party in December 2021.

Recent Developments

On June 23, 2022, the Company filed a Certificate of Conversion to become a Delaware corporation.

From March through May 2023, we entered into Securities Purchase Agreements (the "SPAs") which provide for advances of up to $6 million in proceeds to us, subject to our satisfaction of certain conditions ("2023 Private Placement"). Pursuant to the SPAs, from March through May of 2023, we issued Senior Secured Convertible Promissory Notes ("Notes") with an aggregate principal amount of $4,733,333, which amount included an original issue discount ("OID") of $473,333, and underwriter fees for $338,250, resulting in advance proceeds to us of $3.9 million. The notes automatically convert into Common Stock at IPO on primary exchange. Conversion Price will be set at a 30% discount to the IPO price or $[●] per share. As a result, the notes will convert into [●] shares of common stock at IPO. In connection with the issuance of the Notes, we also issued five-year warrants exercisable for an aggregate of [●] shares of common stock with a strike price at a 25% premium to the Conversion Price or $[●] per share subject to anti-dilution, issuable on a pro rata basis at each funding. For more information regarding the warrants issued under the SPAs, see "*Description of Our Securities—Warrants*."

The Notes were issued with OID of 10% of the principal amount and bear interest at 12%. The Notes will mature in six (6) months from their respective issue dates or a successful IPO on primary exchange in the U.S. (whichever comes sooner). If the IPO is not completed or the Note is not repaid by the maturity date the following will ensue: a) principal amount of the note will be automatically increased by 20%; b) the warrant coverage will be increased to 75%; c) the default interest rate will begin to accrue at 20% per annum until the default is cured (default interest will be repaid in cash monthly); d) noteholder will be paid 30% of gross revenues in cash on a monthly basis until the default is cured or the note is repaid in full. Interest accrues on the aggregate principal amount (which includes OID) and is payable monthly, at the Company's election, in cash or in-kind.

The Company used $2.65 million of the cash received from the 2023 Private Placement pay the principal portion of some of the 2022 Senior Secured Convertible Promissory Notes from Leonite Fund I, LP, Bigger Capital Fund, LP, and District 2 Capital Fund, LP reducing the amount due to the original issue discount or an aggregate principal amount of $294,444. This balance will automatically convert into shares of common stock at the terms described below of the lower of (a) $9.44 per share, or (b) a discount of 30% to the price per share in any subsequent offering.

On January 12, 2023, we filed a certificate of amendment to our certificate of incorporation with the Secretary of State of the State of Delaware and effectuated a reverse stock split of our common stock at a ratio of 1-for-2. All share information in this prospectus, including historical share information in our financial statements, has been adjusted for this reverse stock split.

From June through November of 2022, we entered into Securities Purchase Agreements (the "SPAs") with Leonite Fund I, LP, Emmis Capital II, LLC, Bigger Capital Fund, LP, District 2 Capital Fund, LP, and Exchange Listing, LLC, which provide for advances of up to $3 million in proceeds to us, subject to our satisfaction of certain conditions. Pursuant to the SPAs, from June through November of 2022, we issued Senior Secured Convertible Promissory Notes ("2022 Senior Secured Convertible Promissory Notes") with an aggregate principal amount of $3,333,333, which amount included an original issue discount ("OID") of $333,333, and legal fees for $130,000, resulting in advance proceeds to us of $3 million. In connection with the issuance of the 2022 Senior Secured Convertible Promissory Notes, we also issued five-year warrants exercisable for an aggregate of 353,111 shares of common stock with an exercise price of the lower of (a) $11.80 and (b) a 12% discount to the price per share in any subsequent offering by the Company, and we entered into a Pledge and Security Agreement with Leonite Fund I, LP, dated June 3, 2022. Pursuant to the Pledge and Security Agreement, the Company granted a security interest in all of its assets in favor of Leonite Fund I, LP, in its capacity as collateral agent for the purchaser parties under the SPAs. For more information regarding the warrants issued under the SPAs, see "*Description of Our Securities—Warrants*."

The 2022 Senior Secured Convertible Promissory Notes were issued with OID of 10% of the principal amount and bear interest at the greater of (a) the prime rate of interest, as published by the Wall Street Journal, plus 8.5% per annum, or (b) 12%. The 2022 Senior Secured Convertible Promissory Notes will mature in twelve (12) months from their respective issue dates. Any amount of principal, interest, other amounts due hereunder or penalties on the 2022 Senior Secured Convertible Promissory Notes, which is not paid by maturity date, shall bear interest at the lesser of the rate of twenty four percent (24%) per annum or the maximum legal amount permitted by law, from the due date thereof until the same is paid in full, including following the entry of a judgment in favor of Noteholder. The 2022 Senior Secured Convertible Promissory Notes are convertible into shares of common stock at the lower of (a) $9.44 per share, or (b) a discount of 30% to the price per share in any subsequent offering, subject to adjustment in the event of common stock distribution, stock splits, fundamental transactions, dilutive issuances or similar events affecting our common stock and the conversion price. Interest accrues on the aggregate principal amount (which includes OID) and is payable monthly, at the Company's election, in cash or in-kind.

Upon the advance of the consideration under the SPAs, the Company is required to issue to the noteholders a number of shares of common stock, calculated based on the value of 10% of the principal amount of the Notes issued in such advance, at a value per share equal to the conversion price of the 2022 Senior Secured Convertible Promissory Notes at the date of such advance (the "Commitment Shares"). Accordingly, in connection with the initial advance and issuance of 2022 Senior Secured Convertible Promissory Notes, assuming a conversion price of $9.44 per share, we will be issuing 35,317 Commitment Shares to the Noteholders.

The 2022 Senior Secured Convertible Promissory Notes have certain restrictions on the Company's issuance of securities, including, among other restrictions, (i) the Company shall not without the Noteholder's written consent (a) pay, declare or set apart for such payment, any dividend or other distribution (whether in cash, property or other securities) on the common stock of the Company other than dividends on common stock solely in the form of additional common stock, or (b) directly or indirectly or through any subsidiary make any other payment or distribution in respect of common stock or equivalents, (ii) unless approved by the Noteholders in writing, the Company shall not enter into an agreement or amend an existing agreement to effect any sale of securities involving, or convert any securities previously issued under, a variable rate transaction, which means a transaction in which the Company (A) issues or sells any convertible securities either (x) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of, or quotations for, the common stock, or (y) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such convertible securities or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company, or the market for the common stock, or (B) enters into any agreement whereby the Company may sell securities at a future determined price (other than standard and customary "preemptive" or "participation" rights), (iii) the Noteholders have the right, but not the obligation, to participate in the purchase of the securities being offered up to an amount equal to thirty percent (30%) of the principal amount of 2022 Senior Secured Convertible Promissory Notes (the " Participation Right") when the Company or its subsidiary proposes to offer and sell its securities, whether in the form of debt, equity financing, or any other financing transaction (each a "Future Offering"); provided that, the Participation Right shall not exceed the lesser of (i) one-third of the aggregate amount of the Future Offering, and (ii) an amount equal to the principal amount (allocated to the Noteholder's pro-rata to their portion of the principal amount), and (iv) if the Company has a bona fide offer of capital or financing from any third party that the Company intends to act upon, other than an underwritten initial public offering of the Company's common shares, then the Company must first offer such opportunity to the Noteholders to provide such capital or financing to the Company on the same terms. The 2022 Senior Secured Convertible Promissory Notes holders waived their Participation Right to participate in the December 2022 and January 2023 convertible note issuances described below.

We have agreed to pay to the Noteholders any outstanding principal amount of 2022 Senior Secured Convertible Promissory Notes, all accrued and unpaid interest, and fees and penalties, if any, from any future financing proceeds (which includes proceeds to us from this offering) and other future receipts, at the Noteholder's discretion, except for the right of the Company to make bona fide payments to vendors with common stock.

The Company used $2.65 million of the cash received from the 2023 Private Placement to pay the principal portion of some of the 2022 Senior Secured Convertible Promissory Notes from Leonite Fund I, LP, Bigger Capital Fund, LP, and District 2 Capital Fund, LP reducing the amount due to the original issue discount or an aggregate principal amount of $294,444. This balance will automatically convert into shares of common stock at the terms described below of the lower of (a) $9.44 per share, or (b) a discount of 30% to the price per share in any subsequent offering.

From December 2022 through January 2023, the Company issued unsecured convertible promissory notes to three existing investors, Todd Maxwell, Rogan O'Donnell and Michael & Michele Robuck, with an aggregate principal amount of $222,222, which amount included an OID of $22,222, resulting in advance proceeds to us of $200,000. The notes carry an OID of 10% of the principal amount and have an interest rate of 12% per annum. The notes will mature at the earlier of (i) twelve (12) months from the issue date or (ii) the date upon which the Company completes a registered public offering of shares of the Company, which encompasses the closing of this offering. The notes are convertible into shares of common stock at the higher of (i) $9.44 per share, or (ii) the price per share of common stock issued pursuant to the next registered public offering of shares of the Company made prior to the conversion of any portion of the note. Interest accrues on the aggregate principal amount (which includes OID) and is payable on the maturity date, at the Company's election, in cash or in-kind. The holders of the notes are entitled to piggyback registration rights on any registration statement filed by the Company, other than the registration statement of which this prospectus forms a part and any registration filed on Form S-4 or Form S-8.

We are a party to three advisory agreements with Exchange Listing, LLC, a consultant engaged in connection with listing our common stock for trading on Nasdaq. Pursuant to the first advisory agreement with Exchange Listing, dated March 3, 2022, and amended February 10, 2023, we have agreed to pay Exchange Listing a monthly consulting fee of $5,000 and a final payment of $50,000 upon a successful Nasdaq listing, and, also upon such listing, to issue Exchange Listing 125,000 shares of our common stock and to issue Exchange Listing five-year warrants to purchase [●] shares of our common stock (representing 2.0% of our outstanding shares after giving effect to this offering on a fully-diluted basis, as presented in the pro forma as adjusted column under "Capitalization") with an exercise price of $[●] per share (representing the assumed public offering price set forth on the cover page of this prospectus). Pursuant to the second advisory agreement with Exchange Listing, dated June 20, 2022, and amended December 20, 2022, and amended February 10, 2023, we have agreed to pay Exchange Listing fees in the aggregate of up to $136,166 for advice in connection with communication and other related matters leading up to this offering. Pursuant to the third advisory agreement with Exchange Listing, dated February 10, 2023, we have agreed to issue Exchange Listing 125,000 shares of our common stock as pre-payment for future services. We have agreed to piggyback registration rights with respect to the shares issuable upon exercise of the warrants.

Quantitative and Qualitative Disclosures About Market Risk

We have not utilized any derivative financial instruments such as futures contracts, options and swaps, forward foreign exchange contracts or interest rate swaps and futures. We believe that adequate controls are in place to monitor any hedging activities. We do not intend to hedge any existing or future borrowings and, consequently, we do not expect to be affected by changes in market interest rates. We do not currently have any sales or own assets and operate facilities in countries outside the United States and, consequently, we are not affected by foreign currency fluctuations or exchange rate changes. Overall, we believe that our exposure to interest rate risk and foreign currency exchange rate changes is not material to our financial condition or results of operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies

We prepare our financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the financial reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of our accounting policies require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our financial statements.

The SEC defines critical accounting policies as those that are, in management's view, most important to the portrayal of our financial condition and results of operations and those that require significant judgments and estimates.

The accounting principles we utilized in preparing our financial statements conform in all material respects to U.S GAAP.

Inventories

Inventories are valued at the lower of cost or net realizable value. Our inventory is comprised of finished medical devices on hand. Certain components within the devices have an expiration date and are removed from current inventory and expensed at the date of expiration.

Leases

We account for our leases under Accounting Standards Update No. 2016-02, *Leases*. We do not record an operating lease right of use ("ROU") asset and corresponding lease liability for leases with an expected term of 12 months or less and recognize lease expense for these leases as incurred over the lease term. Operating lease ROU assets and operating lease liabilities for leases with an expected term of more than 12 months are recognized based on the present value of lease payments over the lease term. For lease present value calculations, absent a rate implicit in the lease, we determine a comparable incremental borrowing rate. The present value is then recognized as lease expense on a straight-line basis over the lease term.

Derivative Financial Instruments

We evaluate our financial instruments and other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with Accounting Standards Codification 815, *Derivatives and Hedging* ("ASC 815"). The result of this accounting treatment is that the fair value of the derivative is re-measured at each balance sheet date and recorded as a liability or asset and the change in fair value is recorded in the statements of operations and comprehensive loss. As of December 31, 2020, our derivative financial instruments were comprised of warrants issued in connection with capital raising transactions. Upon settlement of a derivative financial instrument, the instrument is re-measured at the settlement date and the fair value of the underlying instrument is reclassified to equity.

The classification of derivative financial instruments, including whether such instruments should be recorded as liabilities/assets or as equity, is reassessed at the end of each reporting period. Derivative financial instruments that become subject to reclassification are reclassified at the fair value of the instrument on the reclassification date. Derivative financial instruments will be classified in the balance sheet as current if the right to exercise or settle the derivative financial instrument lies with the holder.

Revenue Recognition

Revenue is recognized in one major product segment – commercial products. The timing of revenue recognition for this product segment occurs as goods are transferred at a point in time.

We estimate credit losses on accounts receivable by estimating expected credit losses over the contractual term of the receivable using a discounted cash flow method. When developing this estimate of expected credit losses, we consider all available information (past, current, and future) relevant to assessing the collectability of cash flows. The Company has concluded that realization losses on balances outstanding at year-end will be immaterial.

Recent Accounting Pronouncements

There are several recently issued accounting pronouncements that have been reviewed and adopted. The pronouncements regarding leases had a material impact on our financial statements. There are no other recently issued accounting pronouncements that we have not yet adopted that we believe are applicable or would have a material impact on our financial statements. For more information regarding recent accounting pronouncements, refer to Note 1 to our audited financial statements contained elsewhere in this prospectus.

We are an emerging growth company, and under the JOBS Act, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to take advantage of the extended transition period for complying with new or revised accounting standards provided to emerging growth companies under the JOBS Act.

BUSINESS

Overview

We are a growth stage company focused on developing neuromodulation therapies to address chronic and debilitating conditions in children. We are dedicated to advancing science with our proprietary Percutaneous Electrical Nerve Field Stimulation (PENFS) technology, which was developed internally by the Company. We believe that superior science and evidence-based research, are necessary for adoption by the medical and scientific community. With one FDA indication (functional abdominal pain associated with IBS in adolescents 11-18 years old) on the market, additional clinical trials of PENFS in multiple pediatric conditions are underway focused on unmet healthcare needs in children, see "*—Our Pipeline*" for more information.

Our first product, IB-Stim, is a PENFS system intended to be used in patients 11-18 years of age with functional abdominal pain associated with IBS. IB-Stim is a US FDA Class II medical device that has received one regulatory clearance: IB-Stim (DEN180057, 2019), under the regulation name of "non-implanted nerve stimulator for functional abdominal pain relief."

Our Mission

Our mission is to provide solutions that create value and provide better and safer patient outcomes. We believe in improving lives and minimizing suffering; particularly in the pediatric population, where research and therapeutics are usually lacking. The Company already has market clearance for its IB-Stim ® that targets functional abdominal pain associated with IBS, in children, with a total addressable market of up to 6 million children. Through innovation and research, we are reimagining the future of patient care.

Our Corporate History

Neuraxis, Inc. was established in 2011 and incorporated in the state of Indiana on April 17, 2012, under the name of Innovative Health Solutions, Inc. The name was changed to Neuraxis, Inc. in March of 2022. Additionally, the Company filed a Certificate of Conversion to become a Delaware corporation on June 23, 2022. The authorized shares were increased, and a par value established. On September 7, 2021, the Company's board of directors authorized a 4-for-1 stock split. They also increased the number of authorized common stock shares from 2,700,000 to 10,800,000. Furthermore, on September 9, 2021, the board authorized and increase of authorized shares of common stock from 10,800,000 to 13,400,000 in anticipation of a capital offering.

As part of the conversion to a Delaware corporation, the total number of shares of all classes of stock which the Corporation shall have authority to issue is 101,120,000 share, consisting of (1) 100,000,000 shares of common stock, par value $0.001 per share, and (ii) 1,120,000 shares of Preferred Stock, par value $0.001 per share ("Preferred Stock"), 1,000,000 of which is designated as "Series A Preferred Stock" and 120,000 of which is designated as "Series Seed Preferred Stock".

Furthermore, on January 10, 2023, the Company's board of directors authorized a 1-for-2 reverse stock split. All per share information has been adjusted for this reverse stock split. The reverse split became effective on January 12, 2023.

We have developed three FDA cleared products, the IB-Stim (DEN180057, 2019), the NSS-2 Bridge (DEN170018, 2017), and the original 510(K) clearance (K140530, 2014), all of which were developed internally by the Company.

- The IB-Stim is a PENFS device that is indicated in patients 11-18 years of age with functional abdominal pain associated with irritable bowel syndrome. The IB-Stim currently is the only product marketed and sold by the Company.

- The NSS-2 Bridge is a percutaneous nerve field stimulator, or PNFS, device indicated for use in the reduction of the symptoms of opioid withdrawal. The NSS-2 Bridge device was licensed to Masimo in April 2020, and we received a one-time licensing fee of $250,000 from Masimo. Masimo markets and sells this product as its *Masimo Bridge*, and we will not receive any further licensing payments or other revenue from this product.

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

Pediatrics Industry Overview

Pediatric providers, as a whole, had expressed concern about the lack of attention given to children with functional abdominal pain disorders (including IBS) and the limited treatment options available for a population that suffers from significant disabilities. With 20% of the United States population under age 18, our Company focus is on opportunities in pediatrics industry. The pediatrics industry has multi-billion-dollar market opportunities. The following points clearly outline the unmet need in children:

- Functional abdominal pain in children is one of the most common conditions seen by pediatricians and pediatric gastroenterologists.
- Children with functional abdominal pain report lower quality of life compared with their healthy peers and equal to those with inflammatory bowel disease.
- Overall, 35-45% of children with functional abdominal pain disorders continue to have symptoms into adulthood, which impacts quality of life and healthcare spending.
- A study published in 2021 demonstrates insufficient evidence for the use of medications in pediatric functional abdominal pain disorders. This lack of evidence for drugs has been supported in by the American Academy of Pediatrics and NASPGHAN.
- IB-Stim is the only therapy that has shown to improve pain, global symptoms, and functional disability in children with FAP and IBS.
- IB-Stim is the only currently used therapy that is better than placebo in a randomized controlled trial and received FDA clearance for pediatric IBS.

Our Opportunity

For years, physicians and qualified healthcare professionals have resorted to the use of off-label medications without proper evidence of efficacy or safety. This is despite a technical report from the American Academy of Pediatrics and NASPGHAN which found very little evidence to endorse the use of any drugs in the treatment of FAPDs in children. Medications including tricyclic antidepressants, SSRIs and gabapentinoids continue to be used off-label despite lack of evidence to support efficacy or safety. Not only have the most commonly used medications (amitriptyline and SSRIs) failed to beat placebo in clinical trials, but new studies also suggest significant risks with the potential for serious side effects with these drugs. The absence of conclusive data to support treatments based on scientific evidence, and the fact no drug therapies have been approved by the FDA for the treatment of FAPDs or IBS in children, presents a unique market opportunity for Neuraxis. Below are the current standard treatments in children with functional abdominal pain and IBS.

Our Solutions

We entered into the pediatric market with clinical evidence, coverage and payment, and key opinion leaders and society endorsement, including a signed letter from the American Academy of Pediatrics and NASPGHAN supporting our request for insurers to pay for our IB-Stim device. Our IB-Stim® is a non-drug alternative to reduce functional abdominal pain in patients with IBS. In June 2019, the FDA cleared IB-Stim, a non-surgical, neuromodulation device for children and adolescents who suffer from IBS, through a de novo process (DEN180057, 2019). The FDA created a new classification of PENFS for the IB-Stim device. This is based on pre-clinical and clinical studies demonstrating the mechanism of action and efficacy. Based on this new class of devices, the IB-Stim falls under 21 CFR Part 876, Subpart F – Therapeutic Devices, 876.5340, Product Code QHH. As a PENFS device, it is non-implantable and provides field stimulation to cranial nerves V, VII, IX and X in the ear to access the CNS. It stimulates remotely from the source of pain to modulate central pain regions, such as the limbic system, and relieve functional abdominal pain associated with IBS. Studies have demonstrated long-term benefits in functional disability, psychological co-morbidities and pain. For example, the table below is from a recently published study of IB-Stim in a population of patients with chronic functional abdominal pain. The follow-up was done at 6-12 months post-treatment and shows improvements in validated questionnaires compared to baseline (API), functional disability index (FDI), pain catastrophizing scale (PCS), Screen for Childhood Anxiety Related Disorders (SCARED) and the Promis Anxiety.

Santucci NR, King C, El-Chammas KI, Wongteerasut A, Damrongmanee A, Graham K, Fei L, Sahay R, Jones C, Cunningham NR, Coghill RC. *Effect of percutaneous electrical nerve field stimulation on mechanosensitivity, sleep, and psychological comorbidities in adolescents with functional abdominal pain disorders*. Neurogastroenterol Motil. 2022;34:e14358.

TABLE 2 Effects on symptoms before, during, and after PENFS

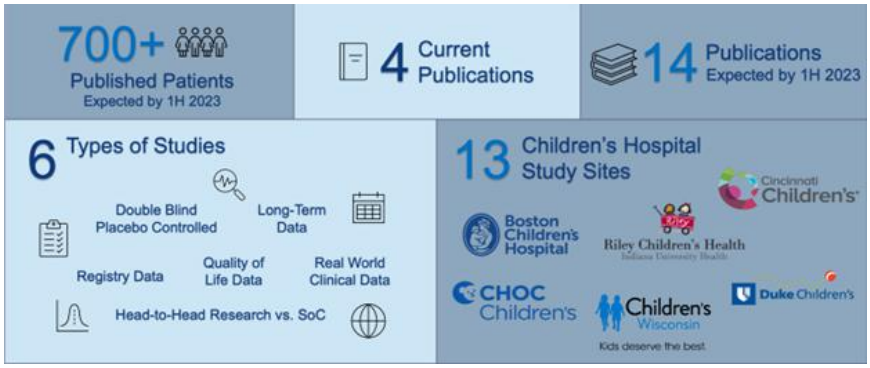
		Penfs						
Parameters	Baseline	Week 1	Week 2	Week 3	Week 4	p value[3]	Follow-up	p value[4]
GI Symptoms								
Resting VAS								
Pain Intensity	2.2 ± 0.52	1.72 ± 0.52	1.75 ± 0.53	1.73 ± 0.53	1.61 ± 0.53	0.06	-	-
Pain Unpleasantness	2.05 ± 0.5	1.21 ± 0.5	1.33 ± 0.51	1.28 ± 0.51	1.28 ± 0.51	0.03	-	-
Nausea	1.07 ± 0.44	0.41 ± 0.44	0.61 ± 0.44	0.74 ± 0.44	0.68 ± 0.44	0.10	-	-
API	2.84 ± 0.25	2.39 ± 0.25	2.08 ± 0.26	2.05 ± 0.26	1.9 ± 0.26	<0.0001	1.39 ± 0.27	<0.0001
NSS	1.78 ± 0.25	1.66 ± 0.25	1.14 ± 0.25	1.36 ± 0.25	1.33 ± 0.25	0.07	0.90 ± 0.27	0.001
Physical Functioning								
FDI	18.95 ± 3.06	15.3 ± 3.06	15.12 ± 3.07	15.07 ± 3.07	15.54 ± 3.07	0.04	10.09 ± 3.14	<0.0001
CSSI (Somatic symptoms)	28.25 ± 3.81	21 ± 3.81	20.61 ± 3.85	20.04 ± 3.85	20.4 ± 3.85	0.01	17.8 ± 4.05	0.002
CSSI (GI symptoms)	9.9 ± 1.1	7.65 ± 1.1	7.4 ± 1.12	6.92 ± 1.12	7.19 ± 1.12	0.01	6.14 ± 1.2	0.002
Psychological Functioning								
PCS-C	23.85 ± 3.24	19.85 ± 3.24	18.08 ± 3.27	16.5 ± 3.27	15.4 ± 3.27	0.0004	14.88 ± 3.42	0.001
SCARED	22.5 ± 4.3	-	-	-	17.5 ± 4.3	0.02	16.9 ± 4.4	0.03
PROMIS Anxiety	51.87 ± 2.27	48.28 ± 2.27	48.85 ± 2.28	48.03 ± 2.28	48.72 ± 2.28	0.03	48.87 ± 2.35	0.05
PROMIS Depression	48.6 ± 2.4	45.1 ± 2.4	46.27 ± 2.42	45.73 ± 2.42	46.78 ± 2.42	0.14	47.85 ± 2.49	0.63

Note: API, Abdominal Pain Index; CSSI, Children's Somatic Symptoms Inventory; FDI, Functional Disability Inventory; NSS, Nausea Severity Scale; PCS-C, Pain Catastrophizing Scale for Children; PENFS, Percutaneous Electrical Nerve Field Stimulation; SCARED, Screen for Child Anxiety-Related Emotional Disorders; VAS, Visual Analog Scale.
All values are LS Means and SE; [3]p for Week 4 vs. Week 0; [4]p for long-term follow-up vs. Week 0

We have only submitted one FDA De Novo request and have not submitted any additional 510(k) premarket notifications for our pipeline indications to date.

Compliance with treatment so far has been outstanding with the four weeks of therapy required to sustain long-term benefits. Compliance has been an issue with non-pharmacological treatment for children, particularly with some of the psychological approaches such as cognitive behavioral therapy or guided imagery, which sometimes requires 8-12 weeks of treatment. In fact, 95% of adolescents who used IB-Stim said that they would recommend this treatment to family and friends. Many children's hospitals across the country are already treating children with IB-Stim successfully since it provides a better alternative for therapy in children with IBS and disability and allows them to treat them safely and effectively.

We have concentrated our marketing focus on the 260 children's hospitals. To date, we have sold our IB-Stim product to approximately 57 children's hospitals within our target market including 9 new accounts in Q1 2023. Additionally, we have sold into 28 different states.



In the next 12 months, we intend to use artificial intelligence (machine learning) to analyze large datasets as an input to identify patterns of interaction among variables, allowing for the diagnosis of Functional Abdominal Pain Disorders in the primary care setting using symptom-based criteria. We believe that automated diagnosis with electronic medical record (EMR) integration will be the new standard of care for conditions like FAPDs in the next 3 years. The current barrier for primary care pediatric providers to treating children with FAPD is the lack of confidence in making the "symptoms-based diagnosis". Through AI (machine learning), it will be possible to not only make a diagnosis of FAPDs based on clinical history but also to predict response to treatment. AI will allow the collection of complex and nuanced clinical data from the EMR and select patients with a higher likelihood of response to neuromodulation with IB-Stim. Automated diagnosis through AI would obviate the need for referral to pediatric subspecialists for those children predicted to have a FAPD. Making the diagnosis of FAPD in the general pediatrician's offices and predicting response to treatment with IB-Stim will improve health outcomes. help decrease healthcare costs, and bring access and treatment to exponentially more patients.

Competition

The competitive landscape for therapies includes off-label drugs and drugs with FDA approved only for adults with IBS while there is no FDA indicated treatments for patients 11-18 years of age with functional abdominal pain associated with IBS and prescriptions often contain FDA black box labels. It also includes devices that could theoretically be used, but do not have supporting data or FDA clearance for functional bowel disorders or IBS. Our method patents also limit other devices from targeting IBS through stimulation of cranial nerve branches in the ear.

IB-Stim™ Competitive Landscape

			Antidepressants		Adult Use (Peripherally Acting at the Gut Level)			
	IB-Stim	Psychological Therapy	Amitriptyline	Citalopram	Amitiza	Linzess	Trulance	Viberzi
FDA Approved for IBS in Children and Adolescents	✓	✓						
Improves Functional Disability	✓	✓						
Targets Brain-Gut Axis	✓	✓	✓	✓				
Better Than Placebo for Pain in IBS	✓	✓			✓	✓	✓	✓
Improves Pain Catastrophizing	✓	✓						
Improves Global and Somatic Symptoms	✓	✓						
Most Serious Potential Side Effects	Localized Skin Irritation	None	Suicidal Ideation, Dementia (long term use)	Suicidal Ideation, Dementia (long term use)	Abdominal Pain, Allergic Reaction	Diarrhea, Abdominal Pain	Diarrhea, Serious Allergic Reaction	Pancreatitis, Serious Allergic Reaction, Intestinal Obstruction
Easily Accessible	✓		✓	✓	✓	✓	✓	✓

Approved drugs for Adults with IBS

1. Rifaximin: an intraluminal antibiotic approved for IBS-diarrhea
2. Amitiza: a drug that stimulates fluid secretion from the intestine, approved for IBS-diarrhea
3. Linzess**:** a drug that stimulates fluid secretion from the intestine, approved for IBS-constipation
4. Plecanatide: a drug that stimulates fluid secretion from the intestine, approved IBS-constipation
5. Eluxadoline: a schedule IV-controlled substance that is a mixed opioid receptor agonist/antagonist in the intestine approved for IBS-diarrhea

Devices

1. gammaCore: a transcutaneous, cervical vagal nerve stimulator cleared for cluster and migraine headaches. Recent studies using this device for adults with gastroparesis.

2. Transcranial Magnetic Stimulation: Multiple devices cleared to treat major depressive disorder and obsessive-compulsive disorder. To date, no known gastrointestinal indications.

3. Roo System and Sparrow therapy system: Transcutaneous auricular stimulation devices-cleared for neonatal and adult opioid withdrawal.

The neurostimulation market is predominantly comprised of surgically implanted, invasive technologies that are not directly competitive with our technology. Several neurostimulation companies are large, publicly traded companies that have a history in the market, have significantly easier access to capital and other resources and have an established product pipeline. The combined clinical research and product development done by the industry, including by us and all of our competitors, is uncovering the beneficial effects of neurostimulation which now establishes neuromodulation as a valid and scientifically supported approach to the treatment of neurological conditions, and accordingly, we expect for competition in the non-implanted space to grow in the future.

While many companies have joined the neuromodulation space, there are no companies targeting the CNS or the brain-gut axis through auricular nerves for functional bowel disorders or IBS. Currently, the Neuraxis method patents protect access to the brain, particularly the limbic systems through branches of cranial nerves in the ear.

Our Competitive Strengths

We believe that the following competitive strengths will enable us to compete effectively:

- First to market
- Strong portfolio of device and method patents
- Large Market Opportunities
- Strong pediatric pipeline
- Academic Society Support
- Lower capital expenditures in nurse, trainers, and representatives for first line therapy
- Strong clinical data carried out in leading academic institutions in the U.S.

Our Growth Strategies

- List price of our product is $1,195 per device and $4,780 per patient
- Strong gross margin
- Direct sales force
- Target customers are children's hospitals and pediatric clinics

Our Pipeline

The IB-Stim device is to be used for the indication of functional abdominal pain associated with IBS and functional nausea in children. The same underlying technology will be used for the remaining pipeline indications, but we may use a name other than "IB-Stim" for marketing and commercialization purposes.

With one FDA indication—functional abdominal pain associated with IBS in adolescents 11-18 years old—on the market, additional clinical trials of PENFS in multiple pediatric conditions are underway focused on unmet healthcare needs in children. These indications consist of chronic nausea, post-concussion syndrome, chemotherapy-induced nausea and vomiting, cyclic vomiting syndrome.

The chart below shows our status in the FDA review process for IB-Stim and each of the following pediatric indications:

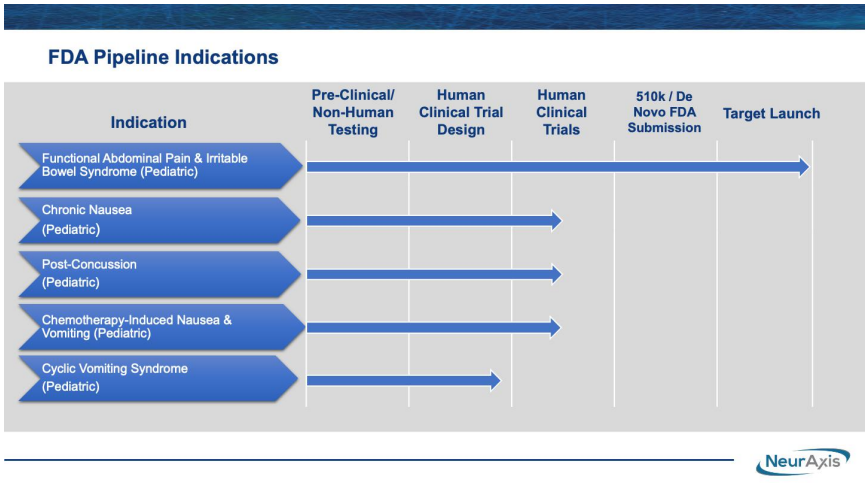
1. *Chronic nausea:* RCT completed, and data being analyzed. ClinicalTrials.gov Identifier: NCT03675321, *Defining Adolescent Nausea Through Brain-Gut Physiology and Non-Invasive Neurostimulation Response*. A randomized, double blind, placebo-controlled trial to evaluate the efficacy of IB-Stim in children with functional nausea. The primary endpoint was to measure improvements in nausea using the Nausea Severity Scale after IB-Stim therapy compared to a placebo device. The study enrolled 110 participants and was conducted at Children's Wisconsin/Medical College of Wisconsin.

2. *Post-concussion syndrome:* RCT currently enrolling patients. ClinicalTrials.gov Identifier: NCT04978571, *A Prospective Study on the Effect of Auricular Percutaneous Electrical Nerve Field Stimulation (PENFS) in Patients with Post-Concussion Syndrome (PCS).* A randomized, double blind, placebo-controlled trial to evaluate the efficacy of IB-Stim in children with post-concussion symptoms. The primary endpoint will be to measure improvements in validated measures, including the Immediate Post-Concussion Assessment, Post-Concussion Symptom Scale, and Balance Error Scoring Symptom compared to placebo. The study will enroll 100 participants and is being conducted at Children's Hospital of Orange County.

3. *Chemotherapy-induced nausea and vomiting:* RCT currently enrolling patients. ClinicalTrials.gov Identifier: NCT05143554, *Efficacy of Auricular Neurostimulation for Children Adolescents and Young Adults with Chemotherapy Induced Nausea and Vomiting.* Subject will be randomized to five days of active vs placebo device during administered chemotherapy known to cause moderate to severe nausea/vomiting. With the next scheduled identical chemotherapy cycle, each subject will cross over to the other device (active vs placebo). The primary endpoint will be to measure improvements in validated measures of nausea and vomiting including the Baxter Retching Faces Scale, Rhodes Index of Nausea, Vomiting and Retching, and also assessment of rescue medication. The study will enroll 50 participants and is being conducted at Children's Wisconsin/Medical College of Wisconsin.

4. *Cyclic vomiting syndrome:* Pilot study completed, see ClinicalTrials.gov Identifier: NCT03434652. *Auricular Neurostimulation for Children with Cyclic Vomiting Syndrome: A randomized, placebo-controlled trial*. RCT anticipated to begin enrolling patients in the second half of 2023. This will be a multi-center, randomized, double blind, placebo-controlled trial to evaluate efficacy of IB-Stim in pediatric patients with cyclic vomiting syndrome. The primary endpoint will be to measure decreases in the frequency and severity of cyclic vomiting episodes compared to a placebo device. The study will include a minimum of 120 patients and the 3 sites are yet to be finalized.

Each step in the FDA review process differs in duration and cannot be predicted with accuracy. Timing of FDA review and approval, if ever received, cannot be assured and the process and any approval is within the sole control and discretion of the FDA.



Products

The IB-Stim is a percutaneous PENFS system intended to be used in patients 11-18 years of age with functional abdominal pain associated with IBS. IB-Stim already has market clearance from FDA for functional abdominal pain associated with IBS in children. FDA has classified the non-implanted nerve stimulator for functional abdominal pain relief as Class II devices.

The IB-Stim is intended to be used for 120 hours per week for three (3) consecutive weeks, and not to exceed four (4) weeks, through application to branches of Cranial Nerves V, VII, IX and X, and the occipital nerves identified by transillumination, as an aid in the reduction of pain when combined with other therapies for IBS (DEN180057, 2019). In published studies, patients treated with IB-Stim demonstrated significant improvement in pain, disability and global symptoms with no serious adverse events, and minimal to no side effects, including localized skin irritation. See *Neurostimulation for abdominal pain-related functional gastrointestinal disorders in adolescents: a randomized, double-blind, sham-controlled trial*, Kovacic K, et.al., Lancet Gastroenterol Hepatol. 2017;2:727-737; *Efficacy of Auricular Neurostimulation in Adolescents With Irritable Bowel Syndrome in a Randomized, Double-Blind Trial*, Krasaelap A et.al., Clin Gastroenterol Hepatol. 2020;18:1987-1994; *Effect of percutaneous electrical nerve field stimulation on mechanosensitivity, sleep, and psychological comorbidities in adolescents with functional abdominal pain disorders*, Santucci et.al., Neurogastroenterol Motil. 2022;34:e14358.

The ability of the IB-Stim to produce systemic effects by modulating the central nervous system has been demonstrated in a pre-clinical animal model of IBS (see Business—*Pre-Clinical Data*). In patients with IBS, the largest effect on all pain measures, including composite pain scores, worst pain, disability and global symptoms, was seen after completing three consecutive weeks of treatment (see Business—*Clinical Data*). A fourth consecutive week of treatment was included in clinical testing; no safety concerns were identified with this extra consecutive week of treatment. In the trial of 115 subjects, 10 patients reported side-effects and only three discontinued the study because of side-effects. Of such 10 patients, six experienced ear discomfort (three in the PENFS group, three in the sham group), three experienced adhesive allergies (one in the PENFS group, 2 in the sham group), and one experienced syncope due to needle phobia (in the sham group). There were no serious adverse events.

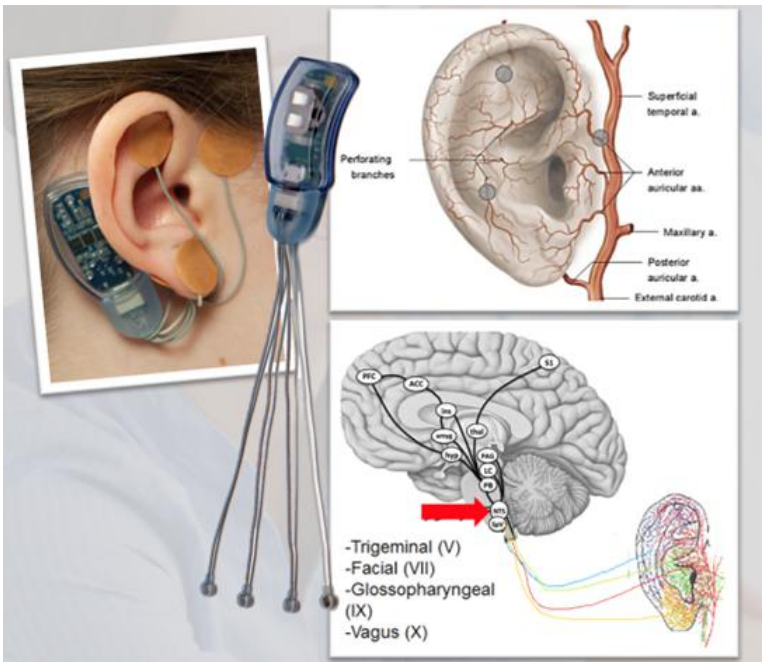
Medical providers are trained to place the IB-Stim through IB-Stim Training and Certification. Once the provider is trained, the device can be placed in the outpatient clinic and can be removed by the provider in the clinic or the patient at home. IB-Stim stays on for a total of five-days to allow delivery of gentle electrical pulses to nerves below the skin that access the central nervous system. A study in adolescents showed greater improvement in functional abdominal pain and global symptom improvement with every week of treatment (up to four weeks). At the end of the four-week study, 95% of adolescents stated they would recommend the treatment to family or friends. Safety of percutaneous electrical nerve field stimulation has also been reported in a separate study of over 1200 adult patients with no serious adverse events and minimal to no side-effects.

When wearing our IB-Stim device and following an easy-to-learn and efficient procedure, patients can still attend school and extracurricular activities, exercise or play non-contact sports, shower, wear ear buds or headphones, and travel.

Our IB-Stim device costs $1,195 per device, and each patient will use four (4) devices. Potential patients with other indications are expected to use six (6) or more devices per patient.

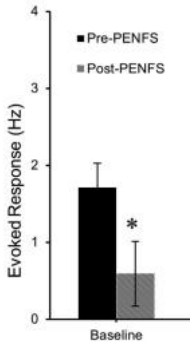
Technology

A maladaptive central nervous system can process pain and emotions differently. This often occurs in children following a traumatic event, viral infections, inflammation or trauma. Changes in brain pathways are known to be involved in the pathophysiology of functional bowel disorders and IBS. The IB-Stim works by sending gentle electrical impulses into cranial nerve bundles located in the ear. This stimulation targets brain areas that process pain and helps reduce functional abdominal pain associated with IBS. An animal model of IBS demonstrated that the firing of neurons in the amygdala could be reduced by more than 50% in just 15 minutes of stimulation with the IB-Stim technology. A recent human study in adults with pain related to fibromyalgia suggested that the IB-Stim technology exerts its effect by modulating emotional and executive control centers related to pain processing, see *Feasibility of Auricular Field Stimulation in Fibromyalgia: Evaluation by Functional Magnetic Resonance Imaging, Randomized Trial*, Woodbury et.al., Pain Med. 2021;22:715-726. The field of art pertains to an electrical stimulation device, including a stimulator containing a generator to deliver electrical pulses with defined parameters, and a power supply for supplying the electrical energy through four separate needles, and at least one of which is a needle array.



Pre-Clinical Data

In an animal model of IBS, extracellular, electrophysiologic recordings were performed from neurons in the rat amygdala before and 15 minutes after PENFS treatment. There was a 65% decrease in the spontaneous firing of these neurons after 15 minutes of PENFS. This dampening of neurons in the CNS likely accounts for the modulation of pain responses in a model of post-inflammatory visceral and somatic hyperalgesia.



Clinical Data

Our goal is to have over 700 published patients specific to our first FDA indication which is functional abdominal pain associated with irritable bowel syndrome in patients 11-18 years of age by July 1, 2023. A published patient is defined as a patient who went through a study and the study was analyzed and now the study has been published in a peer-reviewed journal.

A randomized, controlled study in children 11-18 year of age used primary endpoint of improvements in abdominal pain. The Pain Frequency-Severity-Duration ("PFSD") questionnaires was completed at baseline by all subjects and after each week of treatment (weeks 1–3), as well as at extended follow-up occurring in the 8–12 weeks following the end of treatment. The PFSD scale incorporates multiple aspects of the pain experience and was administered weekly during treatment and at extended follow-up appointments. The PFSD scale validated for chronic pain in children (aged 8–18 years). The PFSD was also used to rate weekly worst abdominal pain on a numerical rating scale (0 for no pain, 10 for worst pain). Patients were followed up for a median of 9.2 weeks from the last week of treatment.

For the active PENFS group, median worst pain at follow-up remained lower (baseline: 8.0 vs. follow-up: 6.0), whereas there was no difference at follow-up in the control group (baseline: 7.5 vs. follow-up: 7.0). The between-group differences in worst pain ratings after 3 weeks of treatment showed that the PENFS group improved to a greater extent, with the control group reporting significantly higher worst pain (median 7.0) than the PENFS group (median 5.0).

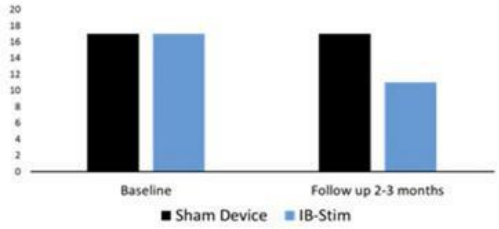
At long-term follow-up, median PFSD composite scores were 12.6 (IQR 3.6–22.5) in the PENFS group and 16.8 (4.8–33.6) in the control group. A comparison of changes in PFSD composite scores (baseline to follow-up) showed that patients in the PENFS group reported significantly greater improvement in pain (median –8.4) than those in the control group (median 0.0). This study was published in the Lancet Gastroenterology Hepatology, (Kovacic K, et.al. Lancet Gastroenterol Hepatol. 2017;2:727-737).

	PFSD worst pain score			PFSD composite pain score		
	Mean (SE)	95% CI	p value	Mean (SE)	95% CI	p value
Week 1	1·09 (0·3855)	0·34–1·85	0·0048	5·75 (2·41)	1·00–10·49	0·018
Week 2	1·21 (0·3924)	0·43–1·98	0·0023	6·41 (2·45)	1·60–11·23	0·0092
Week 3	2·15 (0·3947)	1·37–2·93	<0·0001	11·48 (2·46)	6·63–16·32	<0·0001

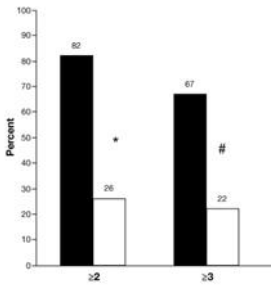
PFSD=Pain-Frequency-Severity-Duration. PENFS=percutaneous electrical nerve field stimulation.

***Table 3*: Least squares means estimates of change of worst pain and composite PFSD scores from baseline across weeks 1–3, PENFS versus sham**

A secondary endpoint in the same study used the functional disability index (FDI) to assess functional disability in those treated with PENFS and compared to sham treatment. Those treated with PENFS changed from moderate disability to minimal at the 2–3-month follow-up while the sham device group had no change.



A separate published paper looked at 51 pediatric patients with IBS and used the symptoms response scale (SRS) to assess global symptoms improvement following PENFS treatment compared to sham. Global symptom improvement was assessed with a validated pediatric questionnaire, Symptom Response Scale (SRS). Symptoms were recorded as better, worse, or no change based on a 15-point scale across individual domains for both improvement and deterioration of overall symptoms. Findings from several studies that used the SRS have shown that using 7-point scale response options in disease-specific measures, a change score of 0.5 represents the minimal clinically important difference (Juniper et.al. J Clin Epidemiol 1994; 47: 81–87 and Guyatt GH et.al.1987; 42: 773–78). As previously noted, a minimum change in score of ≥ 2 was chosen for this study as a more stringent criterion for global improvement before and after PENFS treatment and to compare between groups. Patients and providers were blinded in terms of those who received active PENFS or sham. At the end 3 weeks of therapy using the change of ≥ 2, 81% of the PENFS group compared with 26% of the sham group (*p≤ 0.001, #p=0.002) reported overall symptom improvement. When applying an even more stringent criteria with a change ≥ 3 on the SRS, 67% of the PENFS group compared with 22% of the sham group reported symptoms improvement (p=0.002) (Krasaelap A et.al. Efficacy of Auricular Neurostimulation in Adolescents With Irritable Bowel Syndrome in a Randomized, Double-Blind Trial. Clin Gastroenterol Hepatol. 2020;18:1987-1994).



A more recent open-label study of 20 patients treated with PENFS in a “real-world” clinical setting at Cincinnati Children’s Hospital demonstrated that after PENFS, abdominal pain (p < 0.0001), nausea (p=0.001), pain catastrophizing (p = 0.001), functional disability (p<0.0001), and anxiety (p = 0.03) exhibited significant improvements, and were sustained 6-12 months after treatment (Santucci et.al. Effect of percutaneous electrical nerve field stimulation on mechanosensitivity, sleep, and psychological comorbidities in adolescents with functional abdominal pain disorders. Neurogastroenterol Motil. 2022;34:e14358). Validated questionnaires included the abdominal pain index (API), nausea severity scale (NSS), functional disability index (FDI), as well as psychological measures of catastrophizing (PCS-C) and anxiety (SCARED). The table below summarizes the results pre, during and post PENFS results at long-term follow-up (Santucci et.al. Effect of percutaneous electrical nerve field stimulation on mechanosensitivity, sleep, and psychological comorbidities in adolescents with functional abdominal pain disorders. Neurogastroenterol Motil. 2022;34:e14358).

TABLE 2 Effects on symptoms before, during, and after PENFS

		Penfs						
Parameters	Baseline	Week 1	Week 2	Week 3	Week 4	p value[5]	Follow-up	p value[6]
GI Symptoms								
Resting VAS								
Pain Intensity	2.2 ± 0.52	1.72 ± 0.52	1.75 ± 0.53	1.73 ± 0.53	1.61 ± 0.53	0.06	–	–
Pain Unpleasantness	2.05 ± 0.5	1.21 ± 0.5	1.33 ± 0.51	1.28 ± 0.51	1.28 ± 0.51	0.03	–	–
Nausea	1.07 ± 0.44	0.41 ± 0.44	0.61 ± 0.44	0.74 ± 0.44	0.68 ± 0.44	0.10	–	–
API	2.84 ± 0.25	2.39 ± 0.25	2.08 ± 0.26	2.05 ± 0.26	1.9 ± 0.26	<0.0001	1.39 ± 0.27	<0.0001
NSS	1.78 ± 0.25	1.66 ± 0.25	1.14 ± 0.25	1.36 ± 0.25	1.33 ± 0.25	0.07	0.90 ± 0.27	0.001
Physical Functioning								
FDI	18.95 ± 3.06	15.3 ± 3.06	15.12 ± 3.07	15.07 ± 3.07	15.54 ± 3.07	0.04	10.09 ± 3.14	<0.0001
CSSI (Somatic symptoms)	28.25 ± 3.81	21 ± 3.81	20.61 ± 3.85	20.04 ± 3.85	20.4 ± 3.85	0.01	17.8 ± 4.05	0.002
CSSI (GI symptoms)	9.9 ± 1.1	7.65 ± 1.1	7.4 ± 1.12	6.92 ± 1.12	7.19 ± 1.12	0.01	6.14 ± 1.2	0.002
Psychological Functioning								
PCS-C	23.85 ± 3.24	19.85 ± 3.24	18.08 ± 3.27	16.5 ± 3.27	15.4 ± 3.27	0.0004	14.88 ± 3.42	0.001
SCARED	22.5 ± 4.3	–	–	–	17.5 ± 4.3	0.02	16.9 ± 4.4	0.03
PROMIS Anxiety	51.87 ± 2.27	48.28 ± 2.27	48.85 ± 2.28	48.03 ± 2.28	48.72 ± 2.28	0.03	48.87 ± 2.35	0.05
PROMIS Depression	48.6 ± 2.4	45.1 ± 2.4	46.27 ± 2.42	45.73 ± 2.42	46.78 ± 2.42	0.14	47.85 ± 2.49	0.63

Note: API, Abdominal Pain Index; CSSI, Children's Somatic Symptoms Inventory; FDI, Functional Disability Inventory; NSS, Nausea Severity Scale; PCS-C, Pain Catastrophizing Scale for Children; PENFS, Percutaneous Electrical Nerve Field Stimulation; SCARED, Screen for Child Anxiety-Related Emotional Disorders; VAS, Visual Analog Scale.
All values are LS Means and SE; [5]p for Week 4 vs. Week 0; [6]p for long-term follow-up vs. Week 0

A clinically meaningful endpoint is the number needed to treat (NNT) used in treatment for abdominal pain-related functional gastrointestinal disorders in adolescents. NNT means the number of patients that need to be treated for one patient to get the targeted improvement (≥30% improvement).

Reimbursement

Our technology specific CAT III CPT Code (0720T) was published on December 30, 2021 and effective on July 1, 2022. A CAT III CPT code is viewed as a temporary CPT code, and we expect to engage with AAP and NASPGHAN to submit for our permanent CAT I CPT code in 2023 and receive approval in early 2024 - 2025. To expand our coverage, we launched internal prior authorization team to remove the barrier for children’s hospitals who do not have the time to do prior authorizations for patients in need of IB-Stim. As of the date of this prospectus, there are four (4) commercial written insurance coverage policies that cover our CPT Code, including BCBS Nebraska, which covers approximately 700,000 lives, BCBS Massachusetts, which covers approximately 3 million lives, BCBS South Carolina, which covers 750,000 lives, and Quartz Wisconsin, which covers approximately 300,000 lives. A total of approximately 4.75 million lives are now covered by the four (4) commercial written insurance coverage policies that cover our CPT Code.

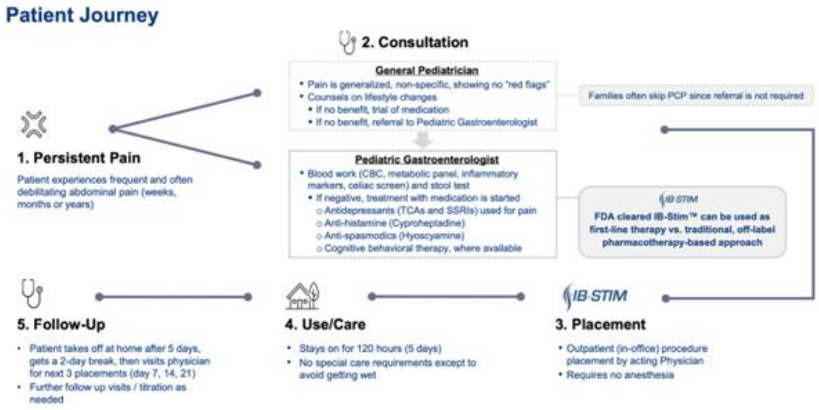
Moreover, we are actively leveraging publications to expand the coverage. We are expecting position paper from the academic society and guideline changes that support IB-Stim as standard of care.

Marketing

We market our products through search engine optimization, or SEO, internet channels and to physicians via the academic society. We plan to extensively ramp-up our marketing efforts to patients and physicians as we gain additional indications.

Patients/Customers

Our current patient base is children 11-18 years of age and suffering from functional abdominal pain. Our customers are primarily children’s hospitals who serve these children.



Intellectual Property

Our intellectual property consists of patents, trademarks, and trade secrets. Our trade secrets consist of product formulas, research, and development, and unpatentable know-how, all of which we seek to protect, in part, by confidentiality agreements. To protect our intellectual property, we rely on a combination of laws and regulations, as well as contractual restrictions. Federal trademark law protects our

registered trademarks. We also rely on the protection of laws regarding unregistered copyrights for certain content we create and trade secret laws to protect our proprietary technology. To further protect our intellectual property, we enter into confidentiality agreements with our executive officers and directors.

Trademarks

The Company has 10 registered trademarks, eight (8) of which are being used in commerce:

Country	Trademark	Reg. No.	Reg. Date	Class/Goods	Status
US	NEURO-STIM and Design	5105257	20-Dec-2016	10 Int. nerve stimulator apparatus	Registered
US	NSS THE NEUROSTIM SYSTEM and Design	4905470	23-Feb-2016	10 Int. nerve stimulator apparatus	Registered
US	THE NEURO-STIM SYSTEM and Design	5105258	20-Dec-2016	10 Int. nerve stimulator apparatus	Registered
US	NSS	4852008	10-Nov-2015	10 Int. Medical apparatus, namely, electrical nerve stimulators; medical device, namely, a non- implantable neurological pain management generator, with percutaneously-implantable needle arrays; medical system and apparatus consisting of a non-implantable modulating frequency generator, providing neuromodulation therapy to cranial and peripheral nerves; medical system and apparatus consisting of implantable arrays for transmitting current into auricular and peri-auricular tissue; medical device for peripheral nerve and nerve field stimulation; medical system and apparatus consisting of a non-implantable modulating frequency generator and implantable needle arrays for transmitting current into auricular and peri-auricular tissue for use in pain management, namely, patient stimulators for auricular and peri-auricular peripheral nerve field neuromodulation therapy; medical apparatus, appliances and instruments for peripheral nerve field stimulation in cranial and peripheral nerves and occipital nerve branches, for pain control, headache control, control of phantom limb pain, stump pain, reflex sympathetic dystrophy (RSD), peripheral neuropathies and other types of sympathetically mediated pain	Registered

US	IB-STIM	5926831	03-Dec-2019	10 Int. medical apparatus, namely, electrical nerve stimulators; medical device, namely, a non- implantable modulating frequency generator, providing neuromodulation therapy to cranial and peripheral nerves; medical apparatus consisting of percutaneously implantable arrays for transmitting current into auricular and peri-auricular tissue; medical device for peripheral nerve and nerve field stimulation; medical device consisting of a non-implantable modulating frequency generator and percutaneously implantable needle arrays for transmitting current into auricular and peri-auricular tissue for use in pain management and FGID (functional gastrointestinal disorders), namely, patient stimulator for auricular and peri-auricular peripheral nerve field neuromodulation therapy; medical apparatus, for peripheral nerve field stimulation in cranial and peripheral nerves and occipital nerve branches, for pain control, FGID, irritable bowel, functional dyspepsia, functional abdominal pain, nausea, functional nausea, abdominal migraine, Crohn's Disease, visceral hypersensitivity, chronic inflammatory bowel disease, changes in FGID co-morbidities, sleep disturbances, psychological disorders, including mood and anxiety, satiety and changes in autonomic nervous system and other types of sympathetically mediated pain	Registered
US	IB-STIM and Design	5926832	03-Dec-2019	10 Int. medical apparatus, namely, electrical nerve stimulators; medical device, namely, a non- implantable modulating frequency generator, providing neuromodulation therapy to cranial and peripheral nerves; medical apparatus consisting of percutaneously implantable arrays for transmitting current into auricular and peri-auricular tissue; medical device for peripheral nerve and nerve field stimulation; medical device consisting of a non-implantable modulating frequency generator and percutaneously implantable needle arrays for transmitting current into auricular and peri-auricular tissue for use in pain management and FGID (functional gastrointestinal disorders), namely, patient stimulator for auricular and peri-auricular peripheral nerve field neuromodulation therapy; Medical apparatus, for peripheral nerve field stimulation in cranial and peripheral nerves and occipital nerve branches, for pain control, FGID, irritable bowel, functional dyspepsia, functional abdominal pain, nausea, functional nausea, abdominal migraine, Crohn's Disease, visceral hypersensitivity, chronic inflammatory bowel disease, changes in FGID co-morbidities, sleep disturbances, psychological disorders, including mood and anxiety, satiety and changes in autonomic nervous system and other types of sympathetically mediated pain	Registered
US	IB-STIM AURICULAR STIMULATOR	5978411	04-Feb-2020	10 Int. medical apparatus, namely, electrical nerve stimulators; Medical device, namely, a non- implantable modulating frequency generator, providing neuromodulation therapy to cranial and peripheral nerves; Medical apparatus consisting of percutaneously implantable arrays for transmitting current into auricular and peri-auricular tissue; Medical device for peripheral nerve and nerve field stimulation; Medical device consisting of a non-implantable modulating frequency generator and percutaneously implantable needle arrays for transmitting current into auricular and peri-auricular tissue for use in pain management and FGID (functional gastrointestinal disorders), namely, patient stimulator for auricular and peri-auricular peripheral nerve field neuromodulation therapy; Medical apparatus, for peripheral nerve field stimulation in cranial and peripheral nerves and occipital nerve branches, for pain control, FGID, irritable bowel, functional dyspepsia, functional abdominal pain, nausea, functional nausea, abdominal migraine, Crohn's Disease, visceral hypersensitivity, chronic inflammatory bowel disease, changes in FGID co-morbidities, sleep disturbances, psychological disorders, including mood and anxiety, satiety and changes in autonomic nervous system and other types of sympathetically mediated pain	Registered
US	IB-STIM AURICULAR STIMULATOR and Design	5978412	04-Feb-2020	10 Int. medical apparatus, namely, electrical nerve stimulators; medical device, namely, a non- implantable modulating frequency generator, providing neuromodulation therapy to cranial and peripheral nerves; medical apparatus consisting of percutaneously implantable arrays for transmitting current into auricular and peri-auricular tissue; medical device for peripheral nerve and nerve field stimulation; medical device consisting of a non-implantable modulating frequency generator and percutaneously implantable needle arrays for transmitting current into auricular and peri-auricular tissue for use in pain management and FGID (functional gastrointestinal disorders), namely, patient stimulator for auricular and peri-auricular peripheral nerve field neuromodulation therapy; medical apparatus, for peripheral nerve field stimulation in cranial and peripheral nerves and occipital nerve branches, for pain control, FGID, irritable bowel, functional dyspepsia, functional abdominal pain, nausea, functional nausea, abdominal migraine, Crohn's Disease, visceral hypersensitivity, chronic inflammatory bowel disease, changes in FGID co-morbidities, sleep disturbances, psychological disorders, including mood and anxiety, satiety and changes in autonomic nervous system and other types of sympathetically mediated pain	Registered

US	NEURAXIS	10 Int. Nerve stimulator apparatus; nerve stimulator apparatus for FGID, irritable bowel, functional dyspepsia, functional abdominal pain, nausea, functional nausea, abdominal migraine, Crohn's Disease, visceral hypersensitivity, chronic inflammatory bowel disease, changes in FGID co- morbidities, sleep disturbances, psychological disorders, including mood, anxiety, and satiety, pain control, headache control, control of phantom limb pain, stump pain, reflex sympathetic dystrophy (RSD), peripheral neuropathies and other types of sympathetically mediated pain	Filed
US	NEURAXIS (STYLIZED)	10 Int. Nerve stimulator apparatus; nerve stimulator apparatus for FGID, irritable bowel, functional dyspepsia, functional abdominal pain, nausea, functional nausea, abdominal migraine, Crohn's Disease, visceral hypersensitivity, chronic inflammatory bowel disease, changes in FGID co- morbidities, sleep disturbances, psychological disorders, including mood, anxiety, and satiety, pain control, headache control, control of phantom limb pain, stump pain, reflex sympathetic dystrophy (RSD), peripheral neuropathies and other types of sympathetically mediated pain	Filed

The Company has no unregistered trademarks.

Patents

The Company has eight (8) granted patents and nine (9) applied for patent applications in the United States and nine (9) applied for foreign patent applications.

Country	Owner	Serial No.	Actual Filing Date	Patent No.	Issue Date	Anticipated Expiration Date	Title	Application Status	Licensing Status
CA	Neuraxis, Inc.	3096494	25-Apr-2019				AURICULAR NERVE FIELD STIMULATION DEVICE	applied for	
CN	Neuraxis, Inc.	201980027574.9	25-Apr-2019				AURICULAR NERVE FIELD STIMULATION DEVICE	applied for	
EP	Neuraxis, Inc.	19850021.7	25-Apr-2019				AURICULAR NERVE FIELD STIMULATION DEVICE	applied for	
JP	Neuraxis, Inc.	2021-509961	23-Oct-2020				AURICULAR NERVE FIELD STIMULATION DEVICE	applied for	
KR	Neuraxis, Inc.	10-2020-7034010	25-Apr-2019				AURICULAR NERVE FIELD STIMULATION DEVICE	applied for	
US	Neuraxis, Inc.	17/040766	23-Sep-2020	11369791	28-Jun-2022	21-Jun-2039	AURICULAR NERVE FIELD STIMULATION DEVICE	granted	
US	Neuraxis, Inc.	17/715121	07-Apr-2022				AURICULAR NERVE FIELD STIMULATION DEVICE	applied for	
US	Neuraxis, Inc.	63/314028	25-Feb-2022				AURICULAR NERVE FIELD STIMULATION DEVICE AND METHODS FOR USING THE SAME	applied for	
US	Neuraxis, Inc.	63/315371	01-Mar-2022				AURICULAR NERVE FIELD STIMULATION DEVICE AND METHODS FOR USING THE SAME	applied for	
US	Neuraxis, Inc.	16/014169	21-Jun-2018	10322062	18-Jun-2019	14-May-2034	AURICULAR PERIPHERAL NERVE FIELD STIMULATOR AND METHOD OF OPERATING SAME	granted	Out-licensed
US	Neuraxis, Inc.	16/408004	09-May-2019	11077019	03-Aug-2021	14-May-2034	AURICULAR PERIPHERAL NERVE FIELD STIMULATOR AND METHOD OF OPERATING SAME	granted	Out-licensed
US	Neuraxis, Inc.	17/363620	30-Jun-2021				AURICULAR PERIPHERAL NERVE FIELD STIMULATOR AND METHOD OF OPERATING SAME	applied for	
US	Neuraxis, Inc.	17/830411	02-Jun-2022				DEVICE AND METHOD FOR ERADICATING PATHOGENS IN NASAL PASSAGES	applied for	

US	Neuraxis, Inc.	17/589082	31-Jan-2022				EXTERNAL AUDITORY CANAL PHOTOBIOMODULATION AND AUDIO THERAPY DEVICE	applied for	
US	Neuraxis, Inc.	17/861646	11-Jul-2022				EXTERNAL AUDITORY CANAL THERAPY DEVICE	applied for	
CA	Neuraxis, Inc.	3143304	10-Dec-2021				EXTERNAL AUDITORY CANAL PHOTOBIOMODULATION DEVICE	applied for	
CN	Neuraxis, Inc.	202080060202.9	23-Jun-2020				EXTERNAL AUDITORY CANAL PHOTOBIOMODULATION DEVICE	applied for	
EP	Neuraxis, Inc.	20830917.9	10-Dec-2021				EXTERNAL AUDITORY CANAL PHOTOBIOMODULATION DEVICE	applied for	
JP	Neuraxis, Inc.	2021-576915	24-Dec-2021				EXTERNAL AUDITORY CANAL PHOTOBIOMODULATION DEVICE	applied for	
US	Neuraxis, Inc.	17/617364	08-Dec-2021				EXTERNAL AUDITORY CANAL PHOTOBIOMODULATION DEVICE	applied for	
US	Neuraxis, Inc.	15/488416	14-Apr-2017	10413719	17-Sep-2019	14-April-2037	METHODS OF TREATING DISEASE USING AURICULAR PERIPHERAL NERVE FIELD STIMULATION	granted	Out-licensed
US	Neuraxis, Inc.	16/534159	07-Aug-2019	11331473	17-May-2022	14-April-2037	METHODS OF TREATING DISEASE USING AURICULAR PERIPHERAL NERVE FIELD STIMULATION	granted	
US	Neuraxis, Inc.	15/595185	15-May-2017	9839577	12-Dec-2017	14-May-2034	SYSTEM AND METHOD FOR AURICULAR PERIPHERAL NERVE FIELD STIMULATION	granted	Out-licensed
US	Neuraxis, Inc.	15/811278	13-Nov-2017	10010479	03-Jul-2018	14-May-2034	SYSTEM AND METHOD FOR AURICULAR PERIPHERAL NERVE FIELD STIMULATION	granted	Out-licensed
US	Neuraxis, Inc.	14/277158	14-May-2014	9662269	30-May-2017	14-May-2034	SYSTEMS AND METHODS FOR AURICULAR PERIPHERAL NERVE FIELD STIMULATION	granted	Out-licensed
US	Neuraxis, Inc.	17/725,761	21-Apr-2022				AURICULAR NERVE FIELD STIMULATION DEVICE AND METHODS FOR USING THE SAME	Pending	

License Agreements

TKBMN Exclusive License Agreement

On May 7, 2020, the Company entered into an exclusive license agreement with TKBMN, LLC to obtain an exclusive license under certain patent rights (the "Patent Rights") owned by TKBMN. Dr. Thomas Carrico, our Chief Regulatory Officer, is the manager of TKBMN. Brian Carrico, our Chief Executive Officer, and Matt Carrico, our National Sales Director, are members of TKBMN. TKBMN owns the rights to "Systems and Methods for Electro-Therapy Treatment," US Patent No. 10,792,500 (the "TKBMN Patent"). The expiration date of the TKBMN Patent is Oct 18, 2037, if all maintenance fees remain paid. Thomas Carrico is the author and inventor of the TKBMN Patent and has assigned the auricular portion of the TKBMN Patent to the Company.

Pursuant to the exclusive license agreement, TKBMN agreed to grant an exclusive, worldwide, non-transferable, royalty-free license under Patent Rights, which including three patents applications filed by TKBMN in connection with systems and methods for elector-therapy treatment, to the Company to develop, market, and sell licensed products, in the field of electro-therapy treatment by stimulation of cranial nerves, cranial nerve branches, auricular nerves, auricular nerve branches, auricular nerve bundles, and/or auricular anatomical structures in human patients (the "Field"), in consideration of a one-time license fee of $1.00. The Company has the right to grant sublicenses to the Patents Rights in the Field. The exclusive license agreement expires upon the expiration of the last to expire valid claim within the Patent Rights and may be terminated by the Company upon 60 days prior written notice. Upon expiration or termination of the exclusive license agreement, all rights in the Patent Rights will revert to TKBMN. There are no royalties or any other form of committed revenue to TKBMN or any of its members, Under the agreement, the Company has agreed to cover fees and expenses associated with maintenance, prosecution, and additional associated/continuation patent filings for the TKBMN Patent.

Masimo License and Collaboration Agreement

On April 9, 2020, the Company entered into a license and collaboration agreement with Masimo. As consideration, in part, Masimo entered into a Series A Preferred Stock purchase agreement with the Company. Under the license and collaboration agreement, the Company grants an exclusive, fully paid-up, royalty-free license to specifically identified patents and trademarks in a limited Field of use. At all times, the Company remains the owner of all licensed intellectual property rights, and there is a possibility of joint ownership of collaboratively developed products and methods. The licensed patents are generally directed to a device and the treatment of opioid withdrawal symptoms. The licensed trademarks are generally directed to the NSS-2 Bridge mark. The license agreement includes a collaboration component to efficiently develop, obtain regulatory approval, and commercialize products for the limited field of use. The term of the agreement is in effect until the expiration or lapse of the last intellectual property rights. Masimo paid a one-time fee of $250,000. The license and collaboration agreement may not be terminated by the Company for any reason, and the sole remedy for any breach or default by Masimo shall be to seek monetary damages and equitable remedies. The license and collaboration agreement may be terminated by Masimo if there is material breach by the Company that remain uncured for thirty (30) days or without cause by providing thirty (30) days prior written notice. See "*—Our Corporate History*" for more information.

Implications of Being a Smaller Reporting Company

We are a "smaller reporting company" as defined in Rule 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our shares held by non-affiliates equals or exceeds $250 million as of the prior June 30th, or (2) our annual revenues equaled or exceeded $100 million during such completed fiscal year and the market value of our shares held by non-affiliates equals or exceeds $700 million as of the prior June 30th. Such reduced disclosure and corporate governance obligations may make it more challenging for investors to analyze our results of operations and financial prospects.

For additional information, see *"Risk Factors – Because the Company is a 'smaller reporting company,' we may take advantage of certain scaled disclosures available to us, resulting in holders of our securities receiving less Company information than they would receive from a public company that is not a smaller reporting company" and "As a smaller reporting company," we may at some time in the future choose to exempt our Company from certain corporate governance requirements that could have an adverse effect on our public stockholders."*

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the JOBS Act. We will remain an emerging growth company until the earlier of (1) December 31, 2024, (2) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, (3) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur on the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company, we may:

- present only two years of audited financial statements, plus unaudited condensed financial statements for any interim period, and related management's discussion and analysis of financial condition and results of operations in this prospectus;
- avail ourselves of the exemption from the requirement to obtain an attestation and report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002;
- provide reduced disclosure about our executive compensation arrangements; and
- not require stockholder non-binding advisory votes on executive compensation or golden parachute arrangements.

In addition, under the JOBS Act, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to take advantage of the extended transition period for complying with new or revised accounting standards provided to emerging growth companies under the JOBS Act.

Government Regulation

Our products and our operations are subject to extensive regulation by the U.S. Food and Drug Administration, or FDA, and other federal, state, and local authorities in the United States, as well as comparable authorities in foreign jurisdictions. Our products are subject to regulation as medical devices in the United States under the Federal Food, Drug, and Cosmetic Act, or FDCA, and its implementing regulations.

United States Regulation

The FDA regulates, among other things, the development, design, non-clinical and clinical testing, manufacturing, safety, effectiveness, labeling, packaging, storage, installation, servicing, recordkeeping, premarket clearance or approval, adverse event reporting, advertising, promotion, marketing and distribution, and import and export and post-marketing surveillance of medical devices in the United States to ensure that medical devices distributed domestically are safe and effective for their intended uses and otherwise meet the requirements of the FDCA.

FDA Premarket Clearance and Approval Requirements

Unless an exemption applies, each new or significantly modified medical device commercially distributed in the United States requires FDA clearance of a 510(k) premarket notification. The 510(k) clearance can be resource intensive, expensive, and lengthy.

Under the FDCA, medical devices are classified into one of three classes—Class I, Class II or Class III—depending on the degree of risk associated with each medical device and the extent of manufacturer and regulatory control needed to ensure its safety and effectiveness. Class I devices are those for which safety and effectiveness can be assured by adherence to the FDA's general controls for medical devices, which include compliance with the applicable portions of FDA's current good manufacturing practices for devices, as reflected in the Quality System Regulation, or QSR, establishment registration and device listing, reporting of adverse medical events, and truthful and non-misleading labeling, advertising, and promotional materials. Some Class I devices, also called Class I reserved devices, also require premarket clearance by the FDA through the 510(k) premarket notification process described below. Most Class I devices are exempt from the premarket notification requirements.

Class II devices are subject to the FDA's general controls, and any other special controls deemed necessary by the FDA to ensure the safety and effectiveness of the device. These special controls can include performance standards, special labeling requirements, post-market surveillance, patient registries and FDA guidance documents.

Most Class II devices are required to submit to the FDA a premarket notification under Section 510(k) of the FDCA requesting permission to commercially distribute the device. The FDA's permission to commercially distribute a device subject to a 510(k) premarket notification is generally known as 510(k) clearance.

If a new medical device does not qualify for the 510(k) premarket notification process because no predicate device to which it is substantially equivalent can be identified, the device is automatically classified into Class III. The Food and Drug Administration Modernization Act of 1997 established a new route to market for low to moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the de novo classification process. This process allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. The FDA may reject the reclassification petition if it identifies a legally marketed predicate device that would be appropriate for a 510(k) or that general controls would be inadequate to control the risks and special controls cannot be developed.

Obtaining FDA marketing authorization, de novo down-classification, or approval for medical devices is expensive and uncertain, and may take several years, and generally requires significant scientific and clinical data.

Some pre-amendment devices are unclassified, but are subject to FDA's premarket notification and clearance process in order to be commercially distributed.

Investigational Device Process

Clinical trials are sometimes required to support a 510(k) submission. In the United States, absent certain limited exceptions, human clinical trials intended to support medical device clearance or approval or to determine safety and effectiveness of a device for an investigational use must be conducted in accordance with the FDA's investigational device exemption, or IDE, regulations which govern investigational device labeling, prohibit promotion of the investigational device, and specify an array of recordkeeping, reporting and monitoring responsibilities of study sponsors and study investigators. If the device presents a "significant risk," to human health, as defined by the FDA, the FDA requires the device sponsor to submit an IDE application to the FDA, which must become effective prior to commencing human clinical trials. The IDE application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE application must be approved in advance by the FDA for a specified number of subjects. Generally, clinical trials for a significant risk device may begin once the IDE application is approved by the FDA and the study protocol and informed consent are approved by appropriate institutional review boards at the clinical trial sites. There can be no assurance that submission of an IDE will result in the ability to commence clinical trials, and although the FDA's approval of an IDE allows clinical testing to go forward for a specified number of subjects, it does not bind the FDA to accept the results of the trial as sufficient to prove the product's safety and effectiveness, even if the trial meets its intended success criteria.

If the device under evaluation does not present a significant risk to human health, then the device sponsor is not required to submit an IDE application to the FDA before initiating human clinical trials, but must still comply with abbreviated IDE requirements when conducting such trials. A significant risk device is one that presents a potential for serious risk to the health, safety or welfare of a patient and either is implanted, used in supporting or sustaining human life, substantially important in diagnosing, curing, mitigating or treating disease or otherwise preventing impairment of human health, or otherwise presents a potential for serious risk to a subject. An IDE application must be supported by appropriate data, such as animal and laboratory test results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The IDE will automatically become effective thirty (30) days after receipt by the FDA unless the FDA notifies the company that the investigation may not begin. If the FDA determines that there are deficiencies or other concerns with an IDE for which it requires modification, the FDA may permit a clinical trial to proceed under a conditional approval.

Regardless of the degree of risk presented by the medical device, clinical studies must be approved by, and conducted under the oversight of, an Institutional Review Board, or IRB, for each clinical site. The IRB is responsible for the initial and continuing review of the IDE, and may pose additional requirements for the conduct of the study. If an IDE application is approved by the FDA and one or more IRBs, human clinical trials may begin at a specific number of investigational sites with a specific number of patients, as approved by the FDA. If the device presents a non-significant risk to the patient, a sponsor may begin the clinical trial after obtaining approval for the trial by one or more IRBs without separate approval from the FDA, but must still follow abbreviated IDE requirements, such as monitoring the investigation, ensuring that the investigators obtain informed consent, and labeling and record-keeping requirements. Acceptance of an IDE application for review does not guarantee that the FDA will allow the IDE to become effective and, if it does become effective, the FDA may or may not determine that the data derived from the trials support the safety and effectiveness of the device or warrant the continuation of clinical trials. An IDE supplement must be submitted to, and approved by, the FDA before a sponsor or investigator may make a change to the investigational plan that may affect its scientific soundness, study plan or the rights, safety or welfare of human subjects.

During a study, the sponsor is required to comply with the applicable FDA requirements, including, for example, trial monitoring, selecting clinical investigators and providing them with the investigational plan, ensuring IRB review, adverse event reporting, record keeping and prohibitions on the promotion of investigational devices or on making safety or effectiveness claims for them. The clinical investigators in the clinical study are also subject to FDA's regulations and must obtain patient informed consent, rigorously follow the investigational plan and study protocol, control the disposition of the investigational device, and comply with all reporting and recordkeeping requirements. Additionally, after a trial begins, we, the FDA or the IRB could suspend or terminate a clinical trial at any time for various reasons, including the following:

- The FDA or other regulatory authorities do not approve a clinical trial protocol or a clinical trial, or place a clinical trial on hold;
- Patients do not enroll in clinical trials at the rate expected;
- Patients do not comply with trial protocols;
- Patient follow-up is not at the rate expected;
- Patients experience serious adverse events;
- Patients die during a clinical trial, even though their death may not be related to the products that are part of the trial;
- Device malfunctions occur with unexpected frequency or potential adverse consequences;
- Side effects or device malfunctions of similar products already in the market that change the FDA's view toward approval of result in the imposition of new requirements or testing;
- Institutional review boards and third-party clinical investigators may delay or reject the trial protocol;
- Third-party clinical investigators decline to participate in a trial or do not perform a trial on the anticipated schedule or consistent with the clinical trial protocol, investigator agreement, investigational plan, good clinical practices, the IDE regulations, or other FDA or IRB requirements;
- Third-party investigators are disqualified by the FDA;
- We or third-party organizations do not perform data collection, monitoring and analysis in a timely or accurate manner or consistent with the clinical trial protocol or investigational or statistical plans, or otherwise fail to comply with the IDE regulations governing responsibilities, records, and reports of sponsors of clinical investigations;
- Third-party clinical investigators have significant financial interests related to us or our study such that the FDA deems the study results unreliable, or the company or investigators fail to disclose such interests;
- Regulatory inspections of our clinical trials or manufacturing facilities, which may, among other things, require us to undertake corrective action or suspend or terminate our clinical trials;
- Changes in government regulations or administrative actions;
- The interim or final results of the clinical trial are inconclusive or unfavorable as to safety or effectiveness; or
- The FDA concludes that our trial design is unreliable or inadequate to demonstrate safety and effectiveness.

510(k) Clearance Process

Under the 510(k) process, the manufacturer must submit to the FDA a premarket notification submission demonstrating that the proposed device is "substantially equivalent," as defined in the FDCA, to a legally marketed predicate device.

A predicate device is a legally marketed device that is not subject to premarket approval, i.e., a device that was legally marketed prior to May 28, 1976 (pre-amendments device) and for which a PMA is not required, a device that has been reclassified from Class III to Class II or I, or a device that was found substantially equivalent through the 510(k) process. A device is considered to be substantially equivalent if, with respect to the predicate device, it has the same intended use and has either (i) the same technological characteristics; or (ii) different technological characteristics, but the information provided in the 510(k) submission demonstrates that the device does not raise different questions of safety or effectiveness than the predicate device.

Before the FDA will accept a 510(k) premarket notification for substantive review, the FDA will first assess whether the submission satisfies a minimum threshold of acceptability. If the FDA determines that the 510(k) submission lacks necessary information for substantive review, the FDA will issue a "Refuse to Accept" letter which generally outlines the information the FDA believes is necessary to permit a substantive review and to reach a determination regarding substantial equivalence. An applicant must submit the requested information before the FDA will proceed with additional review of the submission. If a 510(k) submission is accepted for substantive review, the Medical Device User Fee Amendments sets a performance goal of 90 days for FDA review of a 510(k) submission, but the review time can be delayed if FDA raises questions or requests additional information during the review process. As a practical matter, clearance often takes longer, and clearance is never assured. Thus, as a practical matter, clearance often takes longer than 90 days. Although many 510(k) premarket notifications are cleared without clinical data, the FDA may require further information, including clinical data, to make a determination regarding substantial equivalence, which may significantly prolong the review process. If the FDA agrees that the device is substantially equivalent, it will grant clearance to commercially market the device.

If the FDA determines that the device is substantially equivalent to a predicate device, it will grant 510(k) clearance to commercially market the device. If the FDA determines that the device is "not substantially equivalent" to a previously cleared device, the device is automatically designated as a Class III device. The device sponsor must then fulfill more rigorous requirements of the PMA approval process, or can request a risk-based classification determination for the device in accordance with the "*de novo*" process, which is a route to market for certain novel medical devices that are low to moderate risk and are not substantially equivalent to a predicate device.

Medical devices can only be marketed for the indications for use for which they are cleared or approved. After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, will require a new 510(k) clearance or, depending on the modification, PMA approval or *de novo* reclassification. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k), *de novo* request or a PMA in the first instance, but the FDA may review this determination to evaluate the regulatory status of the modified product at any time and may require the manufacturer to cease marketing and/or request the recall of the modified device until 510(k) marketing clearance or PMA approval is obtained or a *de novo* request is granted. Also, in these circumstances, the manufacturer may be subject to significant regulatory fines or penalties.

Over the last several years, the FDA has proposed reforms to its 510(k) clearance process, and such proposals could include increased requirements for clinical data and a longer review period, or could make it more difficult for manufacturers to utilize the 510(k) clearance process for their products. For example, in November 2018, FDA officials announced steps that the FDA intended to take to modernize the premarket notification pathway under Section 510(k) of the FDCA. Among other things, the FDA announced that it planned to develop proposals to drive manufacturers utilizing the 510(k) pathway toward the use of newer predicates. These proposals included plans to potentially sunset certain older devices that were used as predicates under the 510(k) clearance pathway, and to potentially publish a list of devices that have been cleared on the basis of demonstrated substantial equivalence to predicate devices that are more than 10 years old. These proposals have not yet been finalized or adopted, although the FDA may work with Congress to implement such proposals through legislation.

More recently, in September 2019, the FDA issued revised final guidance describing an optional "safety and performance based" premarket review pathway for manufacturers of "certain, well-understood device types" to demonstrate substantial equivalence under the 510(k) clearance pathway by showing that such device meets objective safety and performance criteria established by the FDA, thereby obviating the need for manufacturers to compare the safety and performance of their medical devices to specific predicate devices in the clearance process. The FDA has developed and maintains a list device types appropriate for the "safety and performance based" pathway and continues to develop product-specific guidance documents that identify the performance criteria for each such device type, as well as recommended testing methods, where feasible.

PMA Approval Process

Class III devices require PMA approval before they can be marketed, although some pre-amendment Class III devices for which FDA has not yet required a PMA are cleared through the 510(k) process. The PMA process is more demanding than the 510(k) premarket notification process. In a PMA, the manufacturer must demonstrate that the device is safe and effective for its intended use, and the PMA must be supported by extensive data, including data from preclinical studies and human clinical trials. The PMA must also contain a full description of the device and its components, a full description of the methods, facilities, and controls used for manufacturing, and proposed labeling. Following receipt of a PMA, the FDA conducts an administrative review to determine whether the application is sufficiently complete to permit a substantive review. If it is not, the agency will refuse to file the PMA. If FDA accepts the application for substantive review, it has 180 days under the FDCA to complete its review of a filed PMA application, although in practice, the FDA's review often takes significantly longer, and can take up to several years. During this review period, the FDA may request additional information or clarification of information already provided, and the FDA may issue a major deficiency letter to the applicant, requesting the applicant's response to deficiencies communicated by the FDA. The FDA considers a PMA or PMA supplement to have been voluntarily withdrawn if an applicant fails to respond to an FDA request for information (e.g., major deficiency letter) within a total of 360 days. Before approving or denying a PMA application, an advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to whether the FDA should approve the submission, approve it with specific conditions, or not approve it. The FDA may or may not accept the panel's recommendation. Prior to approval of a PMA, the FDA may conduct inspections of the clinical trial data and clinical trial sites, as well as conduct inspections of the applicant or its third-party manufacturers' or suppliers' manufacturing facility or facilities to, among other things, ensure compliance with the QSR. PMA applications are also subject to the payment of user fees, which for fiscal year 2021 includes a standard application fee of $365,657.

- Overall, the FDA review of a PMA application generally takes between one and three years, but may take significantly longer. The FDA can delay, limit or deny approval of a PMA application for many reasons, including:
- The device may not be shown safe or effective to the FDA's satisfaction;
- The data from pre-clinical studies and/or clinical trials may be found unreliable or insufficient to support approval;
- The manufacturing process or facilities may not meet applicable requirements; and
- Changes in FDA approval policies or adoption of new regulations may require additional data.

If the FDA evaluation of a PMA is favorable, the FDA will issue either an approval letter, or an approvable letter, the latter of which usually contains a number of conditions that must be met in order to secure final approval of the PMA. When and if those conditions have been fulfilled to the satisfaction of the FDA, the agency will issue a PMA approval letter authorizing commercial marketing of the device, subject to the conditions of approval and the limitations established in the approval letter. The FDA may approve a PMA with post-approval conditions intended to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution, and collection of long-term follow-up data from patients in the clinical study that supported PMA approval or requirements to conduct additional clinical studies post-approval. The FDA may condition PMA approval on some form of post-market surveillance when deemed necessary to protect the public health or to provide additional safety and effectiveness data for the device in a larger population or for a longer period of use. In such cases, the manufacturer might be required to follow certain patient groups for a number of years and to make periodic reports to the FDA on the clinical status of those patients. Failure to comply with the conditions of approval can result in material adverse enforcement action, including withdrawal of the approval. If the FDA's evaluation of a PMA application or manufacturing facilities is not favorable, the FDA will deny approval of the PMA or issue a not approvable letter. The FDA also may determine that additional tests or clinical trials are necessary, in which case the PMA approval may be delayed for several months or years while the trials are conducted and data is submitted in an amendment to the PMA, or the PMA is withdrawn and resubmitted when the data are available. The PMA process can be expensive, uncertain and lengthy and a number of devices for which the FDA approval has been sought by other companies have never been approved by the FDA for marketing.

Certain changes to an approved medical device, such as changes in manufacturing facilities, methods, quality control procedures, sterilization (if applicable), packaging, expiration date, labeling, device specifications, materials, or design of a device, or other changes which affect the safety or effectiveness of the device that has been approved through the PMA process require submission of a new PMA or PMA supplement. PMA supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original, approved PMA and may not require as extensive clinical data or the convening of an advisory panel, depending on the nature of the proposed change. Certain other changes to an approved device require the submission of a new PMA, such as when the design change causes a different intended use, mode of operation, and technical basis of operation, or when the design change is so significant that a new generation of the device will be developed, and the data that were submitted with the original PMA are not applicable for the change in demonstrating a reasonable assurance of safety and effectiveness.

Ongoing Regulation by the FDA

Even after the FDA permits a device to be marketed, numerous and pervasive regulatory requirements continue to apply. These include:

- Establishment registration and device listing with the FDA;
- QSR requirements, which require manufacturers, including third-party manufacturers, to follow stringent design, testing, control, supplier/contractor selection, compliant handling, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- Labeling regulations, advertising and promotion requirements, restrictions on sale, distribution or sale of a device, each including the FDA prohibition against the promotion of products for any uses other than those authorized by the FDA, which are commonly known as "off-label" uses;
- The Medical Device Reporting, or MDR, regulations, which require that a manufacturer report to the FDA if a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- Medical device correction and removal reporting regulations, which require that manufacturers report to the FDA field corrections or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- Recall requirements, including a mandatory recall if there is a reasonable probability that the device would cause serious adverse health consequences or death;

- An order of repair, replacement, or refund;
- Device tracking requirements; and
- Post-market study and surveillance requirements.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, will require a new 510(k). The FDA requires each manufacturer to make this determination initially, but the FDA can review any such decision and can disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination not to seek a new 510(k) clearance, the FDA may retroactively require it to seek 510(k) clearance. The FDA could also require the manufacturer to cease marketing and distribution and/or recall the modified device until 510(k) clearance is obtained. Also, in these circumstances, the manufacturer may be subject to significant regulatory fines and penalties.

FDA regulations require us to register as a medical device manufacturer with the FDA. Additionally, some states also require medical device manufacturers and/or distributors doing business within the state to register with the state or apply for a state license, which could subject our facility to state inspection as well as FDA inspection on a routine basis for compliance with the QSR and any applicable state requirements. These regulations require that we manufacture our products and maintain related documentation in a prescribed manner with respect to manufacturing, testing and control activities.

Manufacturing processes for medical devices are required to comply with the applicable portions of the QSR, which cover the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distribution, installation and servicing of finished devices intended for human use. The QSR also requires, among other things, maintenance of a device master file, device history file, and complaint files. As a manufacturer, we are subject to periodic scheduled or unscheduled inspections by the FDA. Failure to maintain compliance with the QSR requirements could result in the shutdown of, or restrictions on, manufacturing operations and the recall or seizure of marketed products, which would have a material adverse effect on our business. The discovery of previously unknown problems with any of our products, including unanticipated adverse events or adverse events of increasing severity or frequency, whether resulting from the use of the device within the scope of its clearance or off-label by a physician in the practice of medicine, could result in restrictions on the device, including the removal of the product from the market or voluntary or mandatory device recalls.

The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that a manufacturer has failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- Warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;
- Recalls, withdrawals, or administrative detention or seizure of our products;
- Operating restrictions or partial suspension or total shutdown of production;
- Refusing or delays in processing, clearing, or approving submissions or applications for new products or modifications to existing products;
- Suspension or withdrawal of 510(k) clearances or PMA approvals that have already been granted;
- FDA refusal to issue certification to foreign governments needed to export our products for sale in other countries; or
- Criminal prosecution.

Our facilities, records and manufacturing processes are subject to periodic unscheduled inspections by the FDA. Failure to comply with the applicable United States medical device regulatory requirements could result in, among other things, warning letters, untitled letters, fines, injunctions, consent decrees, civil penalties, unanticipated expenditures, repairs, replacements, refunds, recalls or seizures of products, operating restrictions, total or partial suspension of production, the FDA's refusal to issue certificates to foreign governments needed to export products for sale in other countries, the FDA's refusal to grant future premarket clearances or approvals, withdrawals or suspensions of current product clearances or approvals and criminal prosecution.

Regulation of Medical Devices in the European Union

The European Union, or EU, has adopted specific directives regulating the design, manufacture, clinical investigations, conformity assessment, labeling and adverse event reporting for medical devices. EU directives must be implemented into the national laws of the EU member states and national laws may vary from one member state to another.

In the EU, there is currently no premarket government review of medical devices. However, the EU requires that all medical devices placed on the market in the EU must meet the relevant essential requirements laid down in the Council Directive 93/42/EEC, or the Medical Devices Directive, and the Council Directive 90/385/EEC, or the Active Implantable Medical Devices Directive. The most fundamental essential requirement is that a medical device must be designed and manufactured in such a way that it will not compromise the clinical condition or safety of patients, or the safety and health of users and others. In addition, the device must achieve the performances intended by the manufacturer and be designed, manufactured, and packaged in a suitable manner. The European Commission has adopted various standards applicable to medical devices. These include standards governing common requirements, such as sterilization and safety of medical electrical equipment and product standards for certain types of medical devices. There are also harmonized standards relating to design and manufacture. While not mandatory, compliance with these standards is viewed as the easiest way to satisfy the essential requirements as a practical matter. Compliance with a standard developed to implement an essential requirement also creates a rebuttable presumption that the device satisfies that essential requirement.

To demonstrate compliance with the essential requirements laid down in Annex I to the Medical Devices Directive, medical device manufacturers must undergo a conformity assessment procedure, which varies according to the type of medical device and its (risk) classification. Conformity assessment procedures require an assessment of available clinical evidence, literature data for the product, and post-market experience in respect of similar products already marketed. Except for low-risk medical devices (Class I non-sterile, non-measuring devices), where the manufacturer can self-declare the conformity of its products with the essential requirements (except for any parts which relate to sterility or metrology), a conformity assessment procedure requires the intervention of a Notified Body. Notified Bodies are independent organizations designated by EU countries to assess the conformity of devices before being placed on the market. A Notified Body would typically audit and examine a product's technical dossiers and the manufacturers' quality system (which must, in particular, comply with ISO 13485:2016 related to Medical Devices Quality Management Systems). If satisfied that the relevant product conforms to the relevant essential requirements, the Notified Body issues a certificate of conformity, which the manufacturer uses as a basis for its own declaration of conformity. The manufacturer may then apply the CE Mark to the device, which allows the device to be placed on the market throughout the EU.

Notified Body certificates of conformity are valid for a fixed duration (which shall not exceed five years). Throughout the term of the certificate, the manufacturer will be subject to periodic surveillance audits to verify continued compliance with the applicable requirements. In particular, there will be a new audit by the Notified Body before it will renew the relevant certificate(s).

As a general rule, demonstration of conformity of medical devices and their manufacturers with the essential requirements must be based, among other things, on the evaluation of clinical data supporting the safety and performance of the products during normal conditions of use. Specifically, a manufacturer must demonstrate that the device achieves its intended performance during normal conditions of use, that the known and foreseeable risks, and any adverse events, are minimized and acceptable when weighed against the benefits of its intended performance, and that any claims made about the performance and safety of the device are supported by suitable evidence. All manufacturers placing medical devices into the market in the EU must comply with the EU medical device vigilance system. Under this system, incidents must be reported to the relevant authorities of the EU member states, and manufacturers are required to take Field Safety Corrective Actions, or FSCAs, to reduce a risk of death or serious deterioration in the state of health associated with the use of a medical device that is already placed on the market. An incident is defined as any malfunction or deterioration in the characteristics and/or performance of a device, as well as any inadequacy in the labeling or the instructions for use which, directly or indirectly, might lead to or might have led to the death of a patient or user or of other persons or to a serious deterioration in their state of health. An FSCA may include the recall, modification, exchange, destruction or retrofitting of the device. FSCAs must be communicated by the manufacturer or its legal representative to its customers and/or to the end users of the device through Field Safety Notices.

The advertising and promotion of medical devices is subject to some general principles set forth by EU directives. According to the Medical Devices Directive, only devices that are CE-marked may be marketed and advertised in the EU in accordance with their intended purpose. Directive 2006/114/EC concerning misleading and comparative advertising and Directive 2005/29/EC on unfair commercial practices, while not specific to the advertising of medical devices, also apply to the advertising thereof and contain general rules, for example requiring that advertisements are evidenced, balanced and not misleading. Specific requirements are defined at national level. EU member states laws related to the advertising and promotion of medical devices, which vary between jurisdictions, may limit or restrict the advertising and promotion of products to the general public and may impose limitations on promotional activities with healthcare professionals.

Many EU member states have adopted specific anti-gift statutes that further limit commercial practices for medical devices, in particular vis-à -vis healthcare professionals and organizations. Additionally, there has been a recent trend of increased regulation of payments and transfers of value provided to healthcare professionals or entities. In addition, many EU member states have adopted national "Sunshine Acts" which impose reporting and transparency requirements (often on an annual basis), similar to the requirements in the United States, on medical device manufacturers. Certain countries also mandate implementation of commercial compliance programs.

On May 25, 2017, Regulation 2017/745, or the EU Medical Devices Regulation, entered into force, which repeals and replaces the Medical Devices Directive and the Active Implantable Medical Devices Directive. Unlike directives, which must be implemented into the national laws of the EU member states, regulations are directly applicable, without the need for adoption of EU member state laws implementing them, in all EU member states and are intended to eliminate current differences in the regulation of medical devices among EU member states. The Medical Devices Regulation, among other things, is intended to establish a uniform, transparent, predictable and sustainable regulatory framework across the EU for medical devices and ensure a high level of safety and health while supporting innovation.

The Medical Devices Regulation was originally intended to become applicable three years after publication, but in April 2020 the transition period was extended by the European Parliament and the Council of the EU by an additional year – until May 26, 2021. Devices lawfully placed on the market pursuant to the Medical Devices Directive and the Active Implantable Medical Devices Directive prior to May 26, 2021 may generally continue to be made available on the market or put into service until May 26, 2025. Once applicable, the new regulations will among other things:

- Strengthen the rules on placing devices on the market and reinforce surveillance once they are available;
- Establish explicit provisions on manufacturers' responsibilities for the follow-up of the quality, performance and safety of devices placed on the market;
- Improve the traceability of medical devices throughout the supply chain to the end-user or patient through a unique identification number;
- Set up a central database to provide patients, healthcare professionals and the public with comprehensive information on products available in the European Union, or EU; and
- Strengthen the rules for the assessment of certain high-risk devices, which may have to undergo an additional check by experts before they are placed on the market.

The aforementioned EU rules are generally applicable in the European Economic Area, or EEA, which consists of the 27 EU member states plus Norway, Liechtenstein and Iceland. Other countries, such as Switzerland, have entered into Mutual Recognition Agreements and allow the marketing of medical devices that meet EU requirements.

The EU-UK Trade and Cooperation Agreement, or TCA, came into effect on January 1, 2021. The TCA does not specifically refer to medical devices. However, as a result of Brexit, the Medical Devices Regulation will not be implemented in the UK, and previous legislation that mirrored the Medical Devices Regulation in the UK law has been revoked. The regulatory regime for medical devices in the UK will continue to be based on the requirements derived from current EU legislation, and the UK may choose to retain regulatory flexibility or align with the Medical Devices Regulation going forward. CE markings will continue to be recognized in the UK, and certificates issued by EU recognized Notified Bodies will be valid in the UK, until June 30, 2023. For medical devices placed on the UK market after this period, the UK Conformity Assessment, or UKCA, marking will be mandatory. In contrast, UKCA marking and certificates issued by UK Notified Bodies will not be recognized on the EU market. The TCA does provide for cooperation and exchange of information in the area of product safety and compliance, including market surveillance, enforcement activities and measures, standardization related activities, exchanges of officials, and coordinated product recalls (or other similar actions). For medical devices that are locally manufactured but use components from other countries, the "rules of origin" criteria will need to be reviewed. Depending on which countries products will ultimately be sold in, manufacturers may start seeking alternative sources for components if this would allow them to benefit from no tariffs. The rules for placing medical devices on the Northern Ireland market will differ from those in the UK.

Healthcare Fraud and Abuse Laws

In the United States, we are subject to a number of federal and state healthcare regulatory laws that restrict business practices in the healthcare industry. These laws include, but are not limited to, federal and state anti-kickback, false claims, transparency and other healthcare fraud and abuse laws.

The U.S. federal Anti-Kickback Statute prohibits, among other things, any person or entity from knowingly and willfully offering, paying, soliciting, receiving or providing any remuneration, directly or indirectly, overtly or covertly, to induce or in return for purchasing, leasing, ordering, or arranging for or recommending the purchase, lease, or order of any good, facility, item or service reimbursable, in whole or in part, under Medicare, Medicaid or other federal healthcare programs. The term "remuneration" has been broadly interpreted to include anything of value, including cash, improper discounts, and free or reduced-price items and services. Among other things, the Anti-Kickback Statute has been interpreted to apply to arrangements between medical device manufacturers on the one hand and prescribers and purchasers on the other. Although there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, the exceptions and safe harbors are drawn narrowly. The government can exercise enforcement discretion in taking action against unprotected activities. Further, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. The majority of states also have anti-kickback laws, which establish similar prohibitions, and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers and self-pay patients.

The federal false claims, including the civil False Claims Act, prohibit, among other things, any person or entity from knowingly presenting, or causing to be presented, a false, fictitious or fraudulent claim for payment to, or approval by, the federal government, knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government, or knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the U.S. federal government. A claim includes "any request or demand" for money or property presented to the U.S. government. Actions under the civil False Claims Act may be brought by the Attorney General or as a qui tam action by a private individual in the name of the government. Moreover, a claim including items or services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act. In addition, various states have enacted false claim laws analogous to the federal False Claims Act, although many of these state laws apply where a claim is submitted to any third-party payor and not merely a federal healthcare program.

The federal Health Insurance Portability and Accountability Act of 1996 created additional federal criminal statutes that prohibit, among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

The federal Physician Payments Sunshine Act requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to report annually to CMS, information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), and teaching hospitals, and applicable manufacturers and applicable group purchasing organizations to report annually to CMS ownership and investment interests held by physicians and their immediate family members. Beginning in 2022, such obligations will include payments and other transfers of value provided in the previous year to additional healthcare professionals, including physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiologist assistants and certified nurse midwives.

Violations of fraud and abuse laws, including federal and state anti-kickback and false claims laws, may be punishable by criminal and civil sanctions, including fines and civil monetary penalties, the possibility of exclusion from federal healthcare programs (including Medicare and Medicaid), disgorgement and corporate integrity agreements, which impose, among other things, rigorous operational and monitoring requirements on companies. Similar sanctions and penalties, as well as imprisonment, also can be imposed upon executive officers and employees of such companies.

Coverage and Reimbursement

In the United States, our currently cleared products are not separately reimbursed by any third-party payors and if covered, are paid for as part of the procedure in which the product is used. Outside of the United States, there are many reimbursement programs through private payors as well as government programs. In some countries, government reimbursement is the predominant program available to patients and hospitals. Our commercial success depends in part on the extent to which governmental authorities, private health insurers and other third-party payors provide coverage for and establish adequate reimbursement levels for the procedures in which our products are used. Failure by physicians, hospitals, ambulatory surgery centers and other users of our products to obtain coverage and adequate reimbursement from third-party payors for procedures in which our products are used, or adverse changes in government and private third-party payors' coverage and reimbursement policies, may adversely impact demand for our products.

Based on our experience to date, third-party payors generally reimburse for the procedures in which our products are used if medical necessity is met and a prior approval is completed with a favorable response. Some payors are moving toward a managed care system and control their healthcare costs by establishing coverage policies that categorically restrict coverage of certain procedures, or by limiting authorization for procedures, including elective procedures using our devices. No uniform policy of coverage and reimbursement among payors in the United States exists and coverage and reimbursement for procedures can differ significantly from payor to payor. Third-party payors are increasingly auditing and challenging the prices charged for medical products and services with concern for upcoding, miscoding, using inappropriate modifiers, or billing for inappropriate care settings. Some third-party payors must approve coverage for new or innovative devices or procedures before they will reimburse healthcare providers who use the products or therapies. Even though a new product may have been cleared for commercial distribution by the FDA, we may find limited demand for our product unless reimbursement approval can be obtained and/or maintained from governmental and private third-party payors.

In addition to uncertainties surrounding coverage policies, there are periodic changes to reimbursement levels. Third-party payors regularly update reimbursement amounts and also from time to time revise the methodologies used to determine reimbursement amounts. This includes routine updates to payments to physicians, hospitals and ambulatory surgery centers for procedures during which our products are used. These updates could directly impact the demand for our products.

We believe the overall escalating cost of medical products and services being paid for by the government and private health insurance has led to, and will continue to lead to, increased pressures on the healthcare and medical device industry to reduce the costs of products and services. Third-party payors are developing increasingly sophisticated methods of controlling healthcare costs through prospective reimbursement and capitation programs, group purchasing, redesign of benefits, and exploration of more cost-effective methods of delivering healthcare. In the United States, some insured individuals enroll in managed care programs, which monitor and often require pre-approval of the services that a member will receive. Some managed care programs pay their providers on a per capita (patient) basis, which puts the providers at financial risk for the services provided to their patients by paying these providers a predetermined payment per member per month and, consequently, may limit the willingness of these providers to use our products.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific product lines and procedures. In the European Union, member states are facing increased pressure to limit public healthcare spending. There can be no assurance that procedures using our products will be covered for a specific indication, that our products will be considered cost-effective by third-party payors, that an adequate level of reimbursement will be available or that the third-party payors' reimbursement policies will not adversely affect our ability to sell our products profitably. More and more, local, product specific reimbursement law is applied as an overlay to medical device regulation, which has provided an additional layer of clearance requirement.

Healthcare Reform

The United States and some foreign jurisdictions are considering or have enacted a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell our products profitably. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality or expanding access. Current and future legislative proposals to further reform healthcare or reduce healthcare costs may limit coverage of or lower reimbursement for the procedures associated with the use of our products. The cost containment measures that payors and providers are instituting and the effect of any healthcare reform initiative implemented in the future could impact our revenue from the sale of our products.

The implementation of the Affordable Care Act (the "ACA") in the United States, for example, has changed healthcare financing and delivery by both governmental and private insurers substantially, and affected medical device manufacturers significantly. The ACA, among other things, provided incentives to programs that increase the federal government's comparative effectiveness research, and implemented payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models. Additionally, the ACA expanded eligibility criteria for Medicaid programs and created a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research. Since its enactment, there have been judicial, executive and political challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. It is unclear how healthcare reform measures of the Biden administration or other efforts, if any, to challenge, repeal or replace the ACA will impact the law or our business.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. For example, the Budget Control Act of 2011, among other things, reduced Medicare payments to providers by 2% per fiscal year, effective on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through March 31, 2021, unless additional Congressional action is taken. Additionally, the American Taxpayer Relief Act of 2012, among other things, further reduced Medicare payments to several providers, including hospitals, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. The Medicare Access and CHIP Reauthorization Act of 2015 repealed the formula by which Medicare made annual payment adjustments to physicians and replaced the former formula with fixed annual updates and a new system of incentive payments that began in 2019 that are based on various performance measures and physicians' participation in alternative payment models, such as accountable care organizations.

We expect additional state and federal healthcare reform measures to be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products or additional pricing pressure.

Data Privacy and Security Laws

Numerous state, federal and foreign laws, including consumer protection laws and regulations, govern the collection, dissemination, use, access to, confidentiality and security of personal information, including health-related information. In the United States, numerous federal and state laws and regulations, including data breach notification laws, health information privacy and security laws, including HIPAA, and federal and state consumer protection laws and regulations (e.g., Section 5 of the FTC Act), that govern the collection, use, disclosure, and protection of health-related and other personal information could apply to our operations or the operations of our partners. In addition, certain state and non-U.S. laws, such as the CCPA, the CPRA and the GDPR, govern the privacy and security of personal information, including health-related information in certain circumstances, some of which are more stringent than HIPAA and many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Failure to comply with these laws, where applicable, can result in the imposition of significant civil and/or criminal penalties and private litigation. Privacy and security laws, regulations, and other obligations are constantly evolving, may conflict with each other to complicate compliance efforts, and can result in investigations, proceedings, or actions that lead to significant civil and/or criminal penalties and restrictions on data processing.

In Europe, the GDPR went into effect on May 25, 2018 and introduces strict requirements for processing the personal data of European Union data subjects. Companies that must comply with the GDPR face increased compliance obligations and risk, including more robust regulatory enforcement of data protection requirements and potential fines for noncompliance of up to €20 million or 4% of the annual global revenues of the preceding financial year of the noncompliant company, whichever is greater.

Among other requirements, the GDPR regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States, and the efficacy and longevity of current transfer mechanisms between the EU and the United States remains uncertain. For example, in 2016, the EU and United States agreed to a transfer framework for data transferred from the EU to the United States, called the Privacy Shield, but the Privacy Shield was invalidated in July 2020 by the Court of Justice of the European Union.

Further, from January 1, 2021, companies have to comply with the GDPR and also the United Kingdom General Data Protection Regulation, or the UK GDPR, which, together with the amended UK Data Protection Act 2018, retains the GDPR in UK national law. The UK GDPR mirrors the fines under the GDPR, i.e., fines up to the greater of €20 million (£17.5 million) or 4% of global turnover. The relationship between the United Kingdom and the European Union in relation to certain aspects of data protection law remains unclear, and it is also unclear how United Kingdom data protection laws and regulations will develop in the medium to longer term, and how data transfers to and from the United Kingdom will be regulated in the long term. Currently there is a four- to six-month grace period agreed in the EU and United Kingdom Trade and Cooperation Agreement, ending June 30, 2021 at the latest, while the parties discuss an adequacy decision. The European Commission published a draft adequacy decision on February 19, 2021. If adopted, the decision will enable data transfers from EU member states to the United Kingdom for a four-year period, subject to subsequent extensions.

Environmental Matters

Based on our current operations, environmental protection requirements do not have a significant financial and operational effect on the capital expenditures, earnings and competitive position of our Company in the current financial year and are not expected to have a significant effect in the reasonably foreseeable future.

Manufacturing Services Agreement

On August 21, 2020, the Company entered into a Manufacturing Services Agreement with GMI Corporation (“GMI”), dated as of August 21, 2020 (“MSA”), for the manufacture and supply of the Company’s IB-STIM device based upon the Company’s product specifications as set forth in the MSA.

The Company provides the necessary equipment to GMI and retains ownership. GMI bears the risk of loss of and damage to the equipment and consigned materials. Performance under the MSA is initiated by orders issued by the Company and accepted by GMI.

The initial term of the MSA was 24 months and automatically renews for terms of twelve months unless either party provides a written termination notice to the other party within 180 days prior to the end of the then-current term.

GMI was established in 1990 and manufactures our IB-Stim device in its 69,000 square foot facility that including offices, factory, environmentally controlled room, warehouse, parts processing, assembly, quality control, of which approximately 1,000 square feet is dedicated to producing our product, located in Indiana.

With controlled, repeatable, monitored production process, GMI has kit production capacity that is sufficient for all our projected needs. There is a new, dedicated, environmentally controlled build room built in 2022 for our equipment and production. All of our material are now maintained in this room.

GMI has a quality management system that is ISO 13485:2016 certified, FDA registered, and ITAR registered.

In connection with the MSA, the Company entered into a quality agreement with GMI, dated as of August 24, 2020, for GMI to test product provided by the Company and perform quality assurance services.

Employees

As of March 31, 2023, we had 17 full-time employees and 1 part-time employee.

Facilities

Our corporate headquarter is located in Carmel, Indiana, where we leased an office space for employees, pursuant to a lease agreement with SEPRO DEVELOPMENT COMPANY II, LLC. The three-year term of this lease commenced March 1, 2021 and is scheduled to end on February 28, 2024. Over the term of this lease, base rent is $1,675.88 through March 2023, and $1,716.75 thereafter. The lease may be extended for one year with an annual base rent of $21.50 per rentable square foot.

We also lease 981 rentable square feet of space in Versailles, Indiana, where we lease a total of 3,825 rentable square feet of office space pursuant to two lease agreements with Hashbo Properties, LLC. The lease term of each lease agreement commenced January 1, 2022 and is scheduled to end December 31, 2023, with an automatic one year renewal. Rents are payable monthly at a rate of $1,664 and $469.85, respectively.

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 March 31, 2023, 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.

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 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 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. The Company filed a motion to dismiss. On January 4, 2023, the Court issued an order that stated it was deferring a ruling on the motion to dismiss the appeal and that it would address those arguments at the same time that it addressed the substantive merits of the case. The parties' appellate briefing is scheduled to be concluded in early April 2023. While it is too early to predict the ultimate outcome of this matter, we continue to believe we have meritorious defenses, that the dismissal of the Complaint should be upheld, and intend to continue to defend this matter vigorously.

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 May 26, 2023, we received notice from the Court that it had entered an Order and a Memorandum Opinion to rule upon the Company's motion to dismiss. The Order and Memorandum Opinion are dated May 25, 2023. Substantively, the Order and Memorandum Opinion dismiss, with prejudice, the plaintiffs' attempt to assert Racketeering Influenced and Corrupt Organizations statutory claims. The Court further ruled that the remaining claims are permitted to proceed. No trial date or other pretrial deadlines have been scheduled for this case.

While it is too early to predict the ultimate outcome of this matter, we believe we have meritorious defenses and intend to defend this matter vigorously.

MANAGEMENT

Our directors were elected to serve until the next annual meeting of stockholders and until their respective successors will have been elected and will and will have qualified. The following table sets forth the name, age, and position held with respect to our present executive officers and directors and our director nominees.

Directors and Executive Officers

The following table sets forth certain information with respect to our directors and executive officers:

Name	Age	Position
Brian Carrico	41	President, Chief Executive Officer, and Director
John Seale	63	Chief Financial Officer
Dan Clarence*	63	Chief Operating Officer
Adrian Miranda*	54	Chief Medical Officer, Senior Vice President of Science and Technology
Thomas Carrico*	67	Chief Regulatory Officer
Christopher Robin Brown	69	Director of Innovation and Director
Gary Peterson*	57	Director of Design and Engineering and Director
Timothy Henrichs**	50	Director
Bradley Mitch Watkins**	48	Director
Beth Keyser**	54	Director

*Dan Clarence, Adrian Miranda, Thomas Carrico, and Gary Peterson are current members of our board of directors and have effectively resigned from the board of directors immediately upon the effectiveness of the registration statement of which this prospectus forms a part.

**Timothy Henrichs, Bradley Mitch Watkins, and Beth Keyser have accepted nomination to our board of directors and will become members of our board of directors immediately upon the effectiveness of the registration statement of which this prospectus forms a part.

Brian Carrico, President, Chief Executive Officer and Director

Brian Carrico joined the Company in 2012. During his tenure, Mr. Carrico has held multiple leadership positions of increasing responsibility, including Vice President of Sales and President before becoming CEO on January 1, 2018. As an early employee in the Company's life cycle, Mr. Carrico was instrumental in setting the strategic agenda for the Company, raising start-up capital, championing new product development, and bringing the Company's technology to market. Prior to joining Neuraxis, Mr. Carrico worked selling in the operating room at Bard Medical and in the Cath lab at St. Jude Medical. He attended Indiana State University and holds a Bachelor of Science in Business Marketing.

John Seale, Chief Financial Officer

John Seale is a certified public accountant and a certified information technology professional. He has served as our Chief Financial Officer since August 2022 and is also the managing partner of RBSK Partners PC ("RBSK"), a CPA firm that offers a blend of accounting, audit, tax and specialized advisory services to individuals and business clients and has been with RBSK since 1984. Mr. Seale, through RBSK, has prepared the Company's financial statements since 2017. Mr. Seale specializes in delivering services to clients in a variety of industries, including health care, manufacturing, professional services, agriculture, warehousing, real estate and not-for-profits. Mr. Seale is also qualified to perform peer reviews of CPA firms in accordance with standards established by the Peer Review Board of the AICPA.

Mr. Seale is a member of the American Institute of CPAs (AICPA), the Indiana CPA Society, the Ohio CPA Society and the Association of Certified Fraud Examiners. He formerly served on the Indiana Society's Peer Review Committee and the Review Acceptance Board, is a former member of the AICPA Information Technology Executive Committee and was the designated audit committee financial expert on the board of directors of MainSource Financial Group.

Dan Clarence, Chief Operating Officer

Dan Clarence, a proven senior executive with results oriented general management skills and a consistent track record of successful sales and marketing initiatives over his career of thirty plus years, has served as our COO since 2018. Mr. Clarence attained a bachelor's degree from Central Michigan University, followed by Graduate Studies at the University of Chicago MBA program.

In his role as VP of Sales and Senior Director of Sales at Euro-Pro/Shark Ninja, a multi-Billion dollar privately held corporation, from 2011 to 2018, Mr. Clarence was responsible for pioneering the Wal-Mart/Sam's Club business.

Adrian Miranda, Chief Medical Officer, Senior Vice President of Science and Technology

Adrian Miranda has served as our Chief Medical Officer since 2018 and brings a unique background of research and clinical expertise to his role. Prior to joining Neuraxis, Dr Miranda was an Assistant professor at the Medical College of Wisconsin. He is a board-certified pediatric gastroenterologist. He obtained his undergraduate degree in Biology from San Diego State University and obtained his medical degree from the Medical College of Wisconsin. He completed his residency and subspecialty training in pediatric gastroenterology at Children's Hospital of Wisconsin.

As a physician scientist, he has spent the past 20 years of his career investigating the pathophysiology of visceral and somatic pain, as well as exploring new therapeutic options. His focus has been on studying the effects of adverse early life events, neuroplasticity and the development of chronic pain. He has an extensive publication record and has lectured nationally and internationally.

Thomas Carrico, Chief Regulatory Officer

Thomas Carrico has served as our Chief Regulatory Officer since November 2017. He joined the Company in February 2012 as Director of Regulatory Affairs. Prior to and during his early years with Neuraxis, he was President & Clinic Director at Spine and Neuromuscular Associates in Lawrenceburg, Indiana from January 2002 to December 2018. He has over 40 years of experience in the healthcare field and has been involved in the study and application of techniques and treatments that directly affect the autonomic nervous system, especially regarding homeostasis and balance of the parasympathetic and the sympathetic nervous system. Dr. Carrico has a history of working with attorneys while serving on state and national boards, which has positioned him to integrate into regulatory responsibilities at the Company. Dr. Carrico received his undergraduate education from Indiana University and his Doctorate from Palmer College of Chiropractic.

Christopher Robin Brown, Director of Innovation, Founder and Director

Dr. Brown is a co-founder of the Company. He developed clinical protocol, initial practice guidelines, designed and implemented the practitioner certification program, initiated the company 401K, and personally financed the first two years of the Company. After developing the technique of transillumination to isolate auricular neurovascular bundles, he authored and designed the initial studies establishing neurovascular and tissue energy transfer theories upon which the devices' use are based. Dr. Brown established initial communications with Dr. Thomas Carrico (Chief Regulatory Officer), Dr. Adrian Miranda (Chief Medical Officer), John Seale (Accountant & CFO) and our IP attorneys at Barnes and Thornburg. Dr. Brown is listed as the sole or principal inventor on all Neuraxis patents and is currently active in further device development working closely with compliance, product design and engineering.

Upon graduation from the Indiana University School of Dentistry in 1982, while serving as clinic chief in the United States Army Reserve (USAR) dental corps at Fort Benjamin Harrison in Indianapolis, Indiana, Dr. Brown started a private practice (current) concentrating in head, neck, and facial pain developing the first hospital based facial pain clinic in Indiana. He received his master's degree in Biomechanical Trauma in 1996 from Lynn University, one of only 12 dentists in the United States to hold the combination of DDS and MPS degrees. Dr. Brown has authored several textbook chapters, published peer reviewed articles on the physics of soft tissue trauma, pain, financial management, was regional editor for a national facial pain management Journal, and has lectured extensively nationally and internationally. He served on the Board of Directors of the American Academy of Pain Management for 15 years, helping grow the organization from 800 members to over 5000. Throughout his tenure, he developed educational tracks, served as Industry liaison, one term as treasurer and one term as President. He served on the national board of The Alliance of TMD practitioners, serving one term as president.

Throughout his career, Dr. Brown has been active in the purchasing and management of several destressed clinics, re-structuring them into profitable enterprises. He has performed extensive volunteer work overseas providing surgical care in the Dominican Republic, local dental clinics serving the underprivileged, and recently provided dental screenings for the deployment of soldiers in the USAR and National Guard.

Gary Peterson, Director of Design and Engineering

Gary Peterson is our founder, Director of Design and Engineering, and Director. Mr. Peterson was the Chief Executive Officer of the Company from the time of founding in 2011 until January 1, 2018. Mr. Peterson then moved to a member of the board of directors and Director of Design and Engineering of the Company.

Timothy Henrichs, Director

Timothy Henrichs has been a finance executive for the last 14 years. Mr. Henrichs currently serves as the Chief Financial Officer of HomeRenew Buyer, Inc. (d/b/a Renovo Home Partners), a privately held short-term home improvement installer of bathrooms, kitchens, windows, doors, cabinets, roofing and siding across the United States. Prior to joining Renovo Home Partners, Mr. Henrichs served as the Executive Vice President and Chief Financial Officer from 2008 to 2022 of Follett Corporation, a privately held retailer and distributor of print and digital course materials, textbooks, trade books, library books and general merchandise and developer of software technology to the educational market including 80,000 schools. From 2005 to 2008, Mr. Henrichs served as the Global Controller of General Electric Company's Healthcare Clinical Systems division responsible for the manufacture and distribution of patient monitoring, maternal and infant care, ultrasound, diagnostic cardiology and anesthesiology equipment. From 2003 to 2005, Mr. Henrichs served as the Financial Reporting Manager at Federal Signal Corporation. From 1995 to 2003, Mr. Henrichs served in various roles of increasing responsibility at Ernst & Young LLP in Chicago, Illinois and Frankfurt, Germany including Capital Markets and Mergers and Acquisitions Transaction Support, ultimately serving as a Senior Manager in the Audit and Assurance practice. Mr. Henrichs holds a B.B.A in Accounting from the University of Notre Dame and is a Certified Public Accountant with an inactive license in the State of Illinois.

Bradley Mitch Watkins, Director

Bradley Mitch Watkins has overseen four companies through their early commercialization periods within the medical device sector over the last 12 years. He has reported to the CEO or BOD directly and operated as the lead for all field operations. These duties have groomed Mr. Watkins with a wide array of responsibilities beyond sales, including marketing, clinical study design, manufacturing, research and development, FDA submissions as well as fiscal oversight are all areas of experience and competence. Mr. Watkins has been the National Sales Manager of Terumo Interventional Systems since 2015, where he has led multiple new technology sales teams within the peripheral IV and Electrophysiology markets. He now manages corporate accounts and GPO contracts for the Cardiovascular line of products. Over his 18 years in a multitude of medical device markets, Mr. Watkins has overseen $410 million in company acquisitions in an array of leadership roles. He has reported directly to CEOs and Board of Directors and has thrived in early commercialization, recruitment, and strategic company direction. Mr. Watkins received his bachelor's degree in Behavioral Science from the University of Maryland. Mr. Watkins agreed to join the Company's board of directors with proven expertise in commercial operational efficiency and sales effectiveness for startups and large corporations.

Beth Keyser, Director

With more than 20 years' experience in executive roles in population health, Beth Keyser is skilled at understanding the unique, complex needs of multiple market segments and devises solutions that meet their specific goals. Ms. Keyser is the President, BCBS of Indiana at Anthem, Inc. since 2020. From 2018 to 2020, Ms. Keyser served as the President, Create at Brighton Health Plan Solutions. From 2015 to 2020, Ms. Keyser served as the Senior Vice President, International and Hawaii Markets at Sharecare, Inc. Ms. Keyser received her master's degree in Executive Master of Science, Health Administration, from University of Alabama at Birmingham.

Family Relationships

Brian Carrico, our Chief Executive Officer and Director, is the son of Thomas Carrico, our Chief Regulatory Officer. There are no other family relationships between or among any of our executive officers or other directors.

Role of the Board

It is the paramount duty of the board to oversee our management in the competent and ethical operation of the Company on a day-to-day basis and to assure that the long-term interests of the stockholders are being served. To satisfy this duty, the directors take a proactive, focused approach to their positions, and set standards to ensure that we are committed to business success through maintenance of ambitious standards of responsibility and ethics.

Director Terms; Qualifications

Our directors are elected for a term of one year and until their successors qualified, nominated, and appointed or elected.

When considering whether directors and nominees have the experience, qualifications, attributes and skills to enable the board of directors to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the board of directors focuses primarily on the industry and transactional experience, and other background, in addition to any unique skills or attributes associated with a director.

Director or Officer Involvement in Certain Legal Proceedings

There are no material proceedings to which any director or officer, or any associate of any such director or officer, is a party that is adverse to our Company or any of our subsidiaries or has a material interest adverse to our Company or any of our subsidiaries. No director or executive officer has been a director or executive officer of any business which has filed a bankruptcy petition or had a bankruptcy petition filed against it during the past ten years. No director or executive officer has been convicted of a criminal offense or is the subject of a pending criminal proceeding during the past ten years. No director or executive officer has been the subject of any order, judgment or decree of any court permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities during the past ten years. No director or officer has been found by a court to have violated a federal or state securities or commodities law during the past ten years.

Directors and Officers Liability Insurance

The Company plans to obtain directors' and officers' liability insurance insuring its directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions. Such insurance may also insure the Company against losses, which it may incur in indemnifying its officers and directors. In addition, officers and directors also have indemnification rights under applicable laws, and the Company's Articles of Incorporation and Bylaws.

Director Independence

The listing rules of Nasdaq require that independent directors must comprise a majority of a listed company's board of directors. In addition, the rules of Nasdaq require that, subject to specified exceptions, each member of a listed company's audit, compensation, and nominating and governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under the rules of Nasdaq, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Our board of directors has undertaken a review of the independence of our directors and considered whether any director has a material relationship with it that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, the board of directors has determined that three are "independent" as that term is defined under the applicable rules and regulations of the SEC and the listing standards of Nasdaq. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with the Company and all other facts and circumstances our board of directors deemed relevant in determining their independence.

Board Committees

As of the effectiveness of the registration statement of which this prospectus forms a part, the following three standing committees will be established: Audit Committee; Compensation Committee; and Nominating and Corporate Governance Committee. Each of our independent directors, Timothy Henrichs, Bradley Mitch Watkins, and Beth Keyser, will serve on each committee. Our board has adopted written charters for each of these committees, and those charters will be effective upon the effectiveness of the registration statement of which this prospectus forms a part. Upon completion of this offering, copies of the charters will be available on our website. Our board may establish other committees as it deems necessary or appropriate from time to time.

Audit Committee

The Audit Committee, among other things, will be responsible for:

- appointing; approving the compensation of; overseeing the work of; and assessing the independence, qualifications, and performance of the independent auditor;
- reviewing the internal audit function, including its independence, plans, and budget;

- approving, in advance, audit and any permissible non-audit services performed by our independent auditor;
- reviewing our internal controls with the independent auditor, the internal auditor, and management;
- reviewing the adequacy of our accounting and financial controls as reported by the independent auditor, the internal auditor, and management;
- overseeing our financial compliance system; and
- overseeing our major risk exposures regarding the Company's accounting and financial reporting policies, the activities of our internal audit function, and information technology.

The board of directors has affirmatively determined that each member of the Audit Committee meets the additional independence criteria applicable to audit committee members under SEC rules and Nasdaq listing rules. Effective upon the completion of this offering the board of directors will adopt a written charter setting forth the authority and responsibilities of the Audit Committee. The board of directors has affirmatively determined that each member of the Audit Committee is financially literate, and that Mr. Henrichs meets the qualifications of an Audit Committee financial expert.

The Audit Committee will consist of Timothy Henrichs, Bradley Mitch Watkins, and Beth Keyser. Mr. Henrichs will chair the Audit Committee. We believe that, after consummation of this offering, the functioning of the Audit Committee will comply with the applicable requirements of the rules and regulations of the Nasdaq listing rules and the SEC.

Compensation Committee

The Compensation Committee will be responsible for:

- reviewing and making recommendations to the Board with respect to the compensation of our officers and directors, including the CEO;
- overseeing and administering the Company's executive compensation plans, including equity-based awards;
- negotiating and overseeing employment agreements with officers and directors; and
- overseeing how the Company's compensation policies and practices may affect the Company's risk management practices and/or risk-taking incentives.

The Compensation Committee will consist of Timothy Henrichs, Bradley Mitch Watkins, and Beth Keyser, and Mr. Watkins will serve as chair of the Compensation Committee. The board of directors has affirmatively determined that each member of the Compensation Committee meets the independence criteria applicable to compensation committee members under SEC rules and Nasdaq listing rules. The Company believes that, after the consummation of the offering, the composition of the Compensation Committee will meet the requirements for independence under, and the functioning of such Compensation Committee will comply with, any applicable requirements of the rules and regulations of Nasdaq listing rules and the SEC.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee, among other things, will be responsible for:

- reviewing and assessing the development of the executive officers and considering and making recommendations to the Board regarding promotion and succession issues;
- evaluating and reporting to the Board on the performance and effectiveness of the directors, committees and the board of directors as a whole;

- working with the board to determine the appropriate and desirable mix of characteristics, skills, expertise and experience, including diversity considerations, for the full Board and each committee;
- annually presenting to the board a list of individuals recommended to be nominated for election to the board;
- reviewing, evaluating, and recommending changes to the Company's committee charters;
- recommending to the board individuals to be elected to fill vacancies and newly created directorships;
- overseeing the Company's compliance program, including the Code of Conduct; and
- overseeing and evaluating how the Company's corporate governance and legal and regulatory compliance policies and practices, including leadership, structure, and succession planning, that may affect the Company's major risk exposures.

The Nominating and Corporate Governance Committee will consist of Timothy Henrichs, Bradley Mitch Watkins, and Ms. Keyser will serve as chair. The Company's board of directors has determined that each member of the Nominating and Corporate Governance Committee is independent within the meaning of the independent director guidelines of Nasdaq listing rules.

Compensation Committee Interlocks and Insider Participation

None of the Company's executive officers serves, or in the past has served, as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any entity that has one or more executive officers who serve as members of the Company's board of directors or its compensation committee. None of the members of the Company's compensation committee is, or has ever been, an officer or employee of the Company.

Code of Business Conduct and Ethics

The Company's board of directors has adopted a code of business conduct and ethics ("Code of Conduct") applicable to its employees, directors and officers, in accordance with applicable U.S. federal securities laws and the corporate governance rules of Nasdaq. The Code of Conduct will be effective upon the effectiveness of the registration statement of which this prospectus forms a part and publicly available on the Company's website following completion of this offering. Any substantive amendments or waivers of the Code of Conduct may be made only by the Company's board of directors and will be promptly disclosed as required by applicable U.S. federal securities laws and the corporate governance rules of Nasdaq.

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

Executive Officers Compensation

Summary Compensation Table

The following table sets forth information concerning all compensation earned by or paid to our Chief Executive Officer and two other persons who served as executive officers as, at, or during the year ended December 31, 2022, and who earned compensation exceeding $100,000 during 2022 (the "Named Executive Officers"), for services as executive officers for the last two years.

Name and Principal Position	Year	Salary ($)	Bonus($)	Total($)
Brian Carrico	2022	373,578	—	373,578
Chief Executive Officer	2021	369,231	494,732	863,963
Thomas Carrico	2022	287,196	—	287,196
Chief Regulatory Officer	2021	297,347	141,243	438,590
Adrian Miranda	2022	266,346	—	266,346
Chief Medical Officer	2021	254,231	—	254,231

(1) Represents payments to our executive officers pursuant to their respective employment agreements. For more information, see " —*Employment Agreements*.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding equity awards held by the Named Executive Officers as of December 31, 2022.

Name	Number of Securities Underlying Unexercised Options, Exercisable (#)	Number of Securities Underlying Unexercised Options, Not Exercisable (#)	Option Exercise Price ($)	Option Expiration Date
Brian Carrico	320,000	—	6.94	09/13/29
Thomas Carrico	306,236	—	6.94	09/13/29
Adrian Miranda	337,204	—	6.94	09/13/29

(1) All option awards were granted under the Innovative Health Solutions, Inc. 2017 Stock Compensation Plan and vested fully upon grant.

Innovative Health Solutions, Inc. 2017 Stock Compensation Plan, As Amended

On October 12, 2017, the Company adopted the Innovative Health Solutions, Inc. 2017 Stock Compensation Plan, as amended on September 13, 2019, September 9, 2021, and November 1, 2022 (collectively, the "2017 Plan"). The purpose of the 2017 Plan is to grant incentive stock options, nonqualified stock options, or restricted stock awards to our officers, employees, directors, advisors, and consultants. The maximum numbers of shares of common stock that may be issued pursuant to awards granted were 1,319,394. Cancelled and forfeited stock options and stock awards may again become available for grant under the 2017 Plan. As of the date of March 31, 2023, options to purchase all 1,319,394 shares of common stock have been granted under the 2017 Plan and remain outstanding, and no shares remain available for issuance under the 2017 Plan. The following summary briefly describes the principal features of the 2017 Plan and is qualified in its entirety by reference to the full text of the 2017 Plan, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Purpose of the 2017 Plan: The purposes of the 2017 Plan are to encourage ownership of shares by eligible employees and key non-employees in order to attract and retain such eligible employees in the employ of the Company or an affiliated entity, or to attract such key non-employees to provide services to the Company or an affiliated entity, and to provide additional incentive for such persons to promote the long-term success of the Company or an affiliated entity.

Administration of the Plan: The 2017 Plan is administered by the board of directors, or the committee to which the board of directors delegates the power to act. Among other things, the administrator has the authority to select persons who will receive awards, determine the types of awards and the number of shares to be covered by awards, and to establish the terms, conditions, restrictions and other provisions of awards. The administrator has authority to establish, amend and rescind rules and regulations relating to the 2017 Plan.

Eligible Recipients: Persons eligible to receive awards under the 2017 Plan are those officers, employees, directors, advisors, and consultants of the Company or an affiliated entity who are selected by the administrator.

Shares Available under the 2017 Plan: The maximum number of shares of our common stock that may be delivered to participants under the 2017 Plan is 1,319,394 shares, subject to adjustment for certain corporate changes affecting the shares, such as stock splits. No new grants will be made under the 2017 Plan, and shares subject to an award under the 2017 Plan for which the award is canceled, forfeited or expires will become available for grants under the 2022 Plan described below. Shares subject to an award that is settled in cash will not again be made available for grants under the 2017 Plan.

Stock Options

General. Subject to the provisions of the 2017 Plan, the administrator has the authority to determine all grants of stock options, although there are currently no shares of common stock remaining reserved for grants under the 2017 Plan.

Option Price. The exercise price for stock options is determined at the time of grant. The exercise price may not be less than the fair market value on the date of grant. Additionally, incentive stock option grants to any person owning more than 10% of our voting stock must have an exercise price of not less than 110% of the fair market value on the grant date.

Exercise of Options. An option may be exercised only in accordance with the terms and conditions for the option agreement as established by the administrator at the time of the grant. The option must be exercised by notice to us, accompanied by payment of the exercise price. Payments may be made in cash or, at the option of the administrator, by actual or constructive delivery of shares of common stock to the holder of the option based upon the fair market value of the shares on the date of exercise.

Expiration or Termination. Options, if not previously exercised, will expire on the expiration date established by the administrator at the time of grant. In the case of incentive stock options, such term cannot exceed ten years provided that in the case of holders of more than 10% of our voting stock, such term cannot exceed five years. Options will terminate before their expiration date only if the holder's service with our Company or an affiliate terminates before the expiration date and the holder is terminated for cause. The option may remain exercisable until the expiration date of the option after terminations of employment for any reason other than for cause, including terminations as a result of death, disability or retirement.

Incentive and Non-Qualified Options. An incentive stock option is an option that is intended to qualify under certain provisions of the Internal Revenue Code, for more favorable tax treatment than applies to non-qualified stock options. Any option that does not qualify as an incentive stock option will be a non-qualified stock option. Under the Code, certain restrictions apply to incentive stock options. For example, the exercise price for incentive stock options may not be less than the fair market value of the shares on the grant date and the term of the option may not exceed ten years. In addition, an incentive stock option may not be transferred, other than by will or the laws of descent and distribution and is exercisable during the holder's lifetime only by the holder. In addition, no incentive stock options may be granted to a holder that is first exercisable in a single year if that option, together with all incentive stock options previously granted to the holder that also first become exercisable in that year, relate to shares having an aggregate market value in excess of $100,000, measured at the grant date.

Restricted Stock Awards: Restricted stock awards could have also been granted under the 2017 Plan, although there are currently no shares of common stock remaining reserved for grants under the 2017 Plan. A restricted stock award is a grant of shares of common stock or of a right to receive shares in the future.

*Other Material Provisions***:** Awards are evidenced by a written agreement, in such form as may be approved by the administrator. In the event of various changes to the capitalization of our Company, such as stock splits, stock dividends and similar re-capitalizations, an appropriate adjustment will be made by the administrator to the number of shares covered by outstanding awards or to the exercise price of such awards. The administrator is also permitted to include in the written agreement provisions that provide for certain changes in the award in the event of a change of control of our Company, including acceleration of vesting. Except as otherwise determined by the administrator at the date of grant, awards will not be transferable, other than by will or the laws of descent and distribution. Prior to any award distribution, we are permitted to deduct or withhold amounts sufficient to satisfy any employee withholding tax requirements. Our board of directors also has the authority, at any time, to discontinue the granting of awards. The Plan may be amended by the board of directors and such amendment shall become effective upon adoption by the board of directors; provided, however, that any amendment shall be subject to the approval of the stockholders of the Company at or before the next annual meeting of the stockholders of the Company if such stockholder approval is required by applicable laws. No amendment that would adversely affect any outstanding award made under the Plan can be made without the consent of the holder of such award.

No new grants can be made under the 2017 Plan. The terms and conditions of awards granted under the 2017 Plan prior to the effective date of the 2022 Plan will not be affected by the adoption or approval of the 2022 Plan, and the 2017 Plan will remain effective with respect to such awards.

Neuraxis, Inc. 2022 Omnibus Securities and Incentive Plan, As Amended

On November 1, 2022, the Company adopted the Neuraxis, Inc. 2022 Omnibus Securities and Incentive Plan (as amended January 18, 2023, the "2022 Plan"). The purpose of the 2022 Plan is to attract, retain and provide incentives to key management employees and non-employee directors of, and non-employee consultants to, the Company and its affiliates, and to align the interests of such employees, non-employee directors and non-employee consultants with those of the Company's stockholders. The maximum numbers of shares of common stock that may be issued pursuant to awards granted are 300,000. Cancelled and forfeited stock options and stock awards may again become available for grant under the 2022 Plan. As of the date of this prospectus, no awards have been granted under the 2022 Plan, and 300,000 shares of common stock remain available for issuance under the 2022 Plan. The following summary briefly describes the principal features of the 2022 Plan and is qualified in its entirety by reference to the full text of the 2022 Plan.

Purpose of the 2022 Plan: The purposes of the 2022 Plan is to benefit the stockholders of the Company, by assisting the Company to attract, retain and provide incentives to key management employees and non-employee directors of, and non-employee consultants to, the Company and its affiliates, and to align the interests of such employees, non-employee directors and non-employee consultants with those of the Company's stockholders.

Administration of the 2022 Plan: The 2022 Plan shall be administered by the board of directors or the committee designated by the board of directors. Among other things, the administrator has the authority to select persons who will receive awards, determine the time or times when an award shall be made, what type of award shall be granted, the term of an award, the date or dates on which an award vests (including acceleration of vesting), the form of any payment to be made pursuant to an award, the terms and conditions of an award (including the forfeiture of the award (and/or any financial gain) if the holder of the award violates any applicable restrictive covenant thereof), the restrictions under a restricted stock award and the number of common stock which may be issued under an award, all as applicable. In addition, subject to the express provisions of the 2022 Plan, the administrator is authorized to construe the 2022 Plan and the respective award agreements executed thereunder, to prescribe such rules and regulations relating to the 2022 Plan as it may deem advisable to carry out the intent of the 2022 Plan, to determine the terms, restrictions and provisions of each award, and to make all other determinations necessary or advisable for administering the 2022 Plan.

Eligible Recipients: Persons eligible to receive awards under the 2022 Plan will be those officers, employees, directors, advisors, and consultants of the Company or an affiliated entity who are selected by the administrator.

Shares Available under the Plan: The maximum number of shares of our common stock that may be delivered to participants under the 2022 Plan is 300,000 shares, subject to adjustment for certain corporate changes affecting the shares, such as stock splits. Shares subject to an award under the 2022 Plan for which the award is lapses, expires, is canceled, terminated unexercised or ceases to be exercisable again become available for grants under the 2022 Plan.

Stock Options

General. Subject to the provisions of the 2022 Plan, the administrator has the authority to determine all grants of stock options.

Option Price. The exercise price for stock options is determined at the time of grant. The exercise price may not be less than the fair market value on the date of grant. Additionally, incentive stock option grants to any person owning more than 10% of our voting stock must have an exercise price of not less than 110% of the fair market value on the grant date.

Exercise of Options. An option may be exercised only in accordance with the terms and conditions for the option agreement as established by the administrator at the time of the grant. The option must be exercised by notice to us, accompanied by payment of the exercise price. Payments may be made in cash or, at the option of the administrator, by actual or constructive delivery of shares of common stock to the holder of the option based upon the fair market value of the shares on the date of exercise.

Expiration or Termination. Options, if not previously exercised, will expire on the expiration date established by the administrator at the time of grant. In the case of incentive stock options, such term cannot exceed ten years provided that in the case of holders of more than 10% of our voting stock, such term cannot exceed five years. Options will terminate before their expiration date if the holder's service with our Company or a subsidiary terminates before the expiration date. The option may remain exercisable for specified periods after certain terminations of employment, including terminations as a result of death, disability or retirement, with the precise period during which the option may be exercised to be established by the administrator and reflected in the grant evidencing the award.

Incentive and Non-Qualified Options. As described elsewhere in this summary, an incentive stock option is an option that is intended to qualify under certain provisions of the Code, for more favorable tax treatment than applies to non-qualified stock options. Any option that does not qualify as an incentive stock option will be a non-qualified stock option. Under the Code, certain restrictions apply to incentive stock options. For example, generally, the exercise price for incentive stock options may not be less than the fair market value of the shares on the grant date and the term of the option may not exceed ten years. In addition, an incentive stock option may not be transferred, other than by will or the laws of descent and distribution, and is exercisable during the holder's lifetime only by the holder. In addition, to the extent that the aggregate fair market value of common stock with respect to which incentive stock options are exercisable for the first time by an individual during any calendar year under all plans of the Company and any parent corporation or subsidiary corporation thereof which provide for the grant of incentive stock options exceeds $100,000, the portion of such incentive stock options that exceeds such threshold shall be treated as non-qualified stock options. Incentive stock options shall be granted to employees only.

Restricted Stock Awards: Restricted stock awards can be granted under the 2022 Plan. A restricted stock award is a grant of shares of common stock or of a right to receive shares in the future. These awards will be subject to such conditions, restrictions and contingencies as the administrator shall determine at the date of grant. Those may include requirements for continuous service and/or the achievement of specified performance goals.

Unrestricted Stock Awards: Unrestricted stock awards can also be granted under the 2022 Plan. An unrestricted stock award is a grant of shares of common stock which is not subject to restrictions, in consideration for past services rendered thereby to the Company or an affiliate or for other valid consideration.

Restricted Stock Unit Awards: Restricted stock unit awards ("RSUs") can be granted under the 2022 Plan upon the satisfaction of predetermined individual service related vesting requirements. The holder of a restricted stock unit shall be entitled to receive a cash payment equal to the fair market value of shares of common stock, for each unit awarded to the holder.

Performance Stock Unit Awards: Performance stock unit awards can be granted under the 2022 Plan. A holder of performance stock units shall be entitled to receive a cash payment equal to the dollar value or number of shares of common stock assigned to such units if the holder and/or the Company satisfy the predetermined performance goals and objectives.

Distribution Equivalent Rights: Distribution equivalent right awards can be granted under the 2022 Plan. A distribution equivalent right award entitles the holder to receive bookkeeping credits, cash payments and/or common stock distributions equal in amount to the distributions that would have been made to the holder had the holder held a specified number of common stock during the period the holder held the distribution equivalent right.

Stock Appreciation Rights: Stock appreciation rights can also be granted under the 2022 Plan, which is a right, granted alone or in connection with a related Option, to receive a payment on the date of exercise. The base value of the stock appreciation right shall be set forth by the administrator and shall not be less than the fair market value of the common stock at the date of grant for the stock appreciation right which is not a tandem stock appreciation right. No stock appreciation right shall be exercisable after the expiration of ten (10) years from the date of its grant. Upon the exercise of some or all of the portion of a stock appreciation right, the holder shall receive a payment from the Company, in cash or in the form of common stock having an equivalent fair market value or in a combination of both. If the administrator grants a stock appreciation right which is intended to be a tandem stock appreciation right, the tandem stock appreciation right shall be granted at the same time as the related option.

Other Material Provisions: Awards are evidenced by a written agreement, in such form as may be approved by the administrator. In the event of various changes to the capitalization of our Company, such as stock splits, stock dividends and similar re-capitalizations, an appropriate adjustment will be made by the administrator to the number of shares covered by outstanding awards or to the exercise price of such awards. The administrator is also permitted to include in the written agreement provisions that provide for certain changes in the award in the event of a change of control of our Company, including acceleration of vesting. Except as otherwise determined by the administrator at the date of grant, awards will not be transferable, other than by will or the laws of descent and distribution. Prior to any award distribution, we are permitted to deduct or withhold amounts sufficient to satisfy any employee withholding tax requirements. Our board of directors also has the authority, at any time, to discontinue the granting of awards. The 2022 Plan may be amended by the board of directors and such amendment shall become effective upon adoption by the board of directors; provided, however, that any amendment shall be subject to the approval of the stockholders of the Company at or before the next annual meeting of the stockholders of the Company if such stockholder approval is required by applicable laws. No amendment that would adversely affect any outstanding award made under the 2022 Plan can be made without the consent of the holder of such award. The 2022 Plan shall continue in effect, unless sooner terminated, until the tenth (10th) anniversary of the date on which it is adopted by the board of directors.

Employment Agreements

Brian Carrico, our Chief Executive Officer, entered into an employment agreement with the Company, dated August 9, 2022 and amended on May 4, 2023, which has a five-year initial term and provides for a base salary of $330,000, which shall be increased each year by not less than 3% per annum. Mr. Carrico also will receive a one-time incentive payment in the amount of $435,577, which amount consists of accrued and unpaid salary and a bonus to incentivize Mr. Carrico to remain with the Company for future service. Neither the accrued and unpaid salary nor bonus was the subject of any contract or agreement between Mr. Carrico and the Company prior to the execution of the employment agreement. The agreement contemplated that the incentive payment would be paid by December 15, 2022, but due to administrative impracticability, payment will now be made with a portion of the proceeds from this offering. See "*Use of Proceeds*." In addition, Mr. Carrico is entitled to payment of a deferred bonus in an amount equal to (i) the aggregate of the strike price or exercise price of all 320,000 unexercised options to purchase stock or shares of the Company held by Mr. Carrico (the "Aggregate Strike Price") plus (ii) a tax gross-up payment on the Aggregate Strike Price reasonably calculated by the Company at the highest marginal rates so that after payment of all ordinary income taxes on such Aggregate Strike Price, there remains an amount sufficient to pay such ordinary income taxes. The special deferred bonus will be paid in substantially equal 20% installments (the "Annual Deferred Bonus Payment") on January 2 on each of 2024, 2025, 2026, 2027, and 2028 (the "Scheduled Payment Dates"), with a condition that on or before each Scheduled Payment Date, Mr. Carrico shall exercise at least 64,000 of the stock options; provided, however, Mr. Carrico shall not receive any Annual Deferred Bonus Payment unless this offering is effective. If a Scheduled Payment Date occurs prior to the effective date of this offering, the corresponding Annual Deferred Bonus Payment will be forfeited. Mr. Carrico may exercise any portion of the stock options after a Scheduled Payment Date; provided, however, an exercise after the applicable Scheduled Payment Date shall result in forfeiture of the related Annual Deferred Bonus Payment.

If the employment agreement is terminated by the Company without cause (as defined in the employment agreement), Mr. Carrico will receive any accrued compensation (as defined in the employment agreement) and is entitled to severance payments as follows:

- If termination occurs during the initial term, the severance payment shall be the amount equal to the greater of (a) three times Mr. Carrico's base salary as of the termination date; and (b) three times the total amount of Mr. Carrico's bonus payments the Company paid Mr. Carrico over the one year prior to the termination date, to be paid in substantially equal monthly installments over the course of the three years.

- If termination occurs after the initial term, the severance payment shall be the amount equal to the greater of (a) one and one half (1.5) times Mr. Carrico's base salary as of the termination date; and (b) one and one half (1.5) times the total amount of Mr. Carrico's bonus payments the Company paid Mr. Carrico over the one (1) year prior to the termination date, to be paid in substantially equal monthly installments over the course of 18 months following the termination date.

- In addition, as part of the severance payment, we agreed to pay Mr. Carrico monthly COBRA premiums for continuation of health coverage for 18 months post termination.

If the employment agreement is terminated by the Company for cause, Mr. Carrico will forfeit any unpaid Annual Deferred Bonus Payment, but will receive any unpaid base salary that has been earned at the time of such termination, reimbursement of any expenses properly incurred prior to the Mr. Carrico's termination date; and accrued and unused paid time off ("PTO"), if any, in accordance with the Company's PTO policy in effect on Mr. Carrico's termination date.

Mr. Carrico may terminate the employment agreement without good reason upon more than thirty (30) days' prior written notice or for good reason without prior written consent, and will receive accrued compensation (as defined in the employment agreement) and the unpaid balance of the deferred bonus.

In the event that Mr. Carrico is terminated without cause after this offering, non-forfeited portions of the deferred bonus will be paid in equal installments over the remaining scheduled payment dates, if vested options as scheduled are exercised before the scheduled payment dates. A deferred bonus tranche will be forfeited if its corresponding options have expired.

On a change in control (as defined in the employment agreement), full vesting of the Annual Deferred Bonus Payment will occur and be paid in a single lump sum within 30 days after the change in control. The offering shall not be considered a change in control.

Pursuant to the employment agreement, Mr. Carrico also agreed to (i) not disclose to any unauthorized person or use for his own account any confidential information without the prior written consent of the Company or the board of directors, (ii) will not, directly or indirectly encourage, solicit, induce (or attempt to encourage, solicit or induce) any employee or agent of the Company that was employed (or otherwise engaged) at the time of his separation during his employment and for 24 months after his separation from that employment for any reason; (iii) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with Company; (iv) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with the Company during his employment and, (v) will not, directly or indirectly and in a competitive capacity own, manage, finance, operate, control or participate in ownership, management, or operation of, act as an agent, consultant, or be employed with, any business engaged in the design, manufacture, marketing, sale or servicing of any service or product with which Mr. Carrico was involved during his last year of employment with the Company; or which the Company is developing, producing, marketing, selling or servicing (or plans to develop, produce, market, sale or service) and about which Mr. Carrico gained any confidential information in the course of his employment with the Company for a period of 24 months after his separation from the Company.

Dan Clarence, our Chief Operating Officer, entered into an employment agreement with the Company, dated August 9, 2022 and amended on May 4, 2023, which provides has a two-year initial term and provides for a base salary of $275,000 with annual compensation increase. Mr. Clarence also will receive a one-time incentive payment in the amount of $34,889, which amount includes accrued and unpaid salary and a bonus to incentivize Mr. Clarence to remain with the Company for future service. Neither the accrued and unpaid salary nor bonus was the subject of any contract or agreement between Mr. Clarence and the Company prior to the execution of the employment agreement. The agreement contemplated that the incentive payment would be paid by December 15, 2022, but due to administrative impracticability, payment will now be made with a portion of the proceeds from this offering. See "*Use of Proceeds*." In addition, Mr. Clarence shall be entitled to payment of a deferred bonus in an amount equal to (i) the aggregate of the strike price or exercise price of all 68,818 unexercised options to purchase stock or shares of the Company held by Mr. Clarence (the "Aggregate Strike Price") plus (ii) a tax gross-up payment on the Aggregate Strike Price reasonably calculated by the Company at the highest marginal rates so that after payment of all ordinary income taxes on such Aggregate Strike Price, there remains an amount sufficient to pay such ordinary income taxes. The special deferred bonus will be paid in substantially equal 20% installments (the "Annual Deferred Bonus Payment") on January 2 on each of 2024, 2025, 2026, 2027, and 2028 (the "Scheduled Payment Dates"), with a condition that on or before each Scheduled Payment Date, Mr. Clarence shall exercise at least 13,764 of the stock options; provided, however, Mr. Clarence shall not receive any Annual Deferred Bonus Payment unless this offering is effective. If a Scheduled Payment Date occurs prior to the effective date of this offering, the corresponding Annual Deferred Bonus Payment will be forfeited. Mr. Clarence may exercise any portion of the stock options after a Scheduled Payment Date; provided, however, an exercise after the applicable Scheduled Payment Date shall result in forfeiture of the related Annual Deferred Bonus Payment.

If the employment agreement is terminated by the Company without cause (as defined in the employment agreement) occurs during the term of the agreement, Mr. Clarence will receive any accrued compensation (as defined in the employment agreement) and is entitled to certain amount of severance payments as follows:

- If termination occurs during the initial term, the Company shall provide Mr. Clarence with severance compensation in the form of salary continuation at his Base Salary as of the termination date and ending the later of (i) 6 months or (ii) on the expiration date of the initial term.
- If termination occurs after the initial term, the severance payment shall be the amount equal to one half (1/2) of Mr. Clarence's Base Salary as of the termination date.
- In addition, if termination occurs during the initial term, as part of the severance payment, we agreed to pay Mr. Clarence reimbursement of his monthly COBRA premiums for continuation of health coverage for 18 months post termination.

If the employment agreement is terminated by the Company for cause, Mr. Clarence will forfeit any unpaid Annual Deferred Bonus Payment, but will receive any unpaid base salary that has been earned at the time of such termination, reimbursement of any expenses properly incurred prior to the Mr. Clarence's termination date; and accrued and unused PTO, if any, in accordance with the Company's PTO policy in effect on Mr. Clarence's termination date.

Mr. Clarence may terminate the employment agreement without good reason upon more than thirty (30) days' prior written notice or for good reason without prior written consent and will receive accrued compensation (as defined in the employment agreement) and the unpaid balance of the deferred bonus.

In the event that Mr. Clarence is terminated without cause after this offering, non-forfeited portions of the deferred bonus will be paid in equal installments over the remaining scheduled payment dates, if vested options as scheduled are exercised before the scheduled payment dates. A deferred bonus tranche will be forfeited if its corresponding options have expired.

On a change in control (as defined in the employment agreement), full vesting of the Annual Deferred Bonus Payment will occur and be paid in a single lump sum within 30 days after the change in control. The offering shall not be considered a change in control.

Pursuant to the employment agreement, Mr. Clarence also agreed to (i) not disclose to any unauthorized person or use for his own account any confidential information without the prior written consent of the Company or the board of directors, (ii) will not, directly or indirectly encourage, solicit, induce (or attempt to encourage, solicit or induce) any employee or agent of the Company that was employed (or otherwise engaged) at the time of his separation during his employment and for 24 months after his separation from that employment for any reason; (iii) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with Company; (iv) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with the Company during his employment and, (v) will not, directly or indirectly and in a competitive capacity own, manage, finance, operate, control or participate in ownership, management, or operation of, act as an agent, consultant, or be employed with, any business engaged in the design, manufacture, marketing, sale or servicing of any service or product with which Mr. Clarence was involved during his last year of employment with the Company; or which the Company is developing, producing, marketing, selling or servicing (or plans to develop, produce, market, sale or service) and about which Mr. Clarence gained any confidential information in the course of his employment with the Company for a period of 24 months after his separation from the Company.

Adrian Miranda, our Chief Medical Officer and Senior Vice President of Science and Technology, entered into an employment agreement with the Company, dated August 17, 2022, which has a two-year initial term and provides for a base salary of $300,000 with annual compensation increase. In addition, Dr. Miranda shall be entitled to payment of a special deferred bonus in an amount equal to (i) the aggregate of the strike price or exercise price of all 337,204 unexercised options to purchase stock or shares of the Company held by Dr. Miranda (the "Aggregate Strike Price") plus (ii) a tax gross-up payment on the Aggregate Strike Price reasonably calculated by the Company at the highest marginal rates so that after payment of all ordinary income taxes on such Aggregate Strike Price, there remains an amount sufficient to pay such ordinary income taxes. The deferred bonus will be paid in substantially equal 20% installments (the "Annual Deferred Bonus Payment") on January 2 on each of 2024, 2025, 2026, 2027, and 2028, with a condition that on or before each scheduled payment date, Dr. Miranda shall exercise at least 67,441 of the stock options.

If the employment agreement is terminated by the Company without cause (as defined in the employment agreement) occurs during the term of the agreement, Dr. Miranda will receive any accrued compensation (as defined in the employment agreement) and is entitled to certain amount of severance payments as follows:

- If termination occurs during the initial term, the Company shall provide Dr. Miranda with severance compensation in the form of salary continuation at his Base Salary as of the termination date and ending the later of (i) 6 months or (ii) on the expiration date of the initial term.
- If termination occurs after the initial term, the severance payment shall be the amount equal to one half (1/2) of Dr. Miranda's Base Salary as of the termination date.
- In addition, if termination occurs during the initial term, as part of the severance payment, we agreed to pay Dr. Miranda reimbursement of his monthly COBRA premiums for continuation of health coverage for 18 months post termination.

If the employment agreement is terminated by the Company for cause, Dr. Miranda will forfeit any unpaid Annual Deferred Bonus Payment, but will receive any unpaid base salary that has been earned at the time of such termination, reimbursement of any expenses properly incurred prior to the Dr. Miranda's termination date; and (iii) accrued and unused PTO, if any, in accordance with the Company's PTO policy in effect on Dr. Miranda's termination date.

Dr. Miranda may terminate the employment agreement without good reason upon more than thirty (30) days' prior written notice or for good reason without prior written consent, and will receive accrued compensation (as defined in the employment agreement) and the unpaid balance of the special deferred bonus.

In the event that Dr. Miranda is terminated without cause after this offering, non-forfeited portions of the deferred bonus will be paid in equal installments over the remaining scheduled payment dates, if vested options as scheduled are exercised before the scheduled payment dates. A deferred bonus tranche will be forfeited if its corresponding options have expired.

On a change in control (as defined in the employment agreement), full vesting of the Annual Deferred Bonus Payment will occur and be paid in a single lump sum within 30 days after the change in control. The offering shall not be considered a change in control.

Pursuant to the employment agreement, Dr. Miranda also agreed to (i) not disclose to any unauthorized person or use for his own account any confidential information without the prior written consent of the Company or the board of directors, (ii) will not, directly or indirectly encourage, solicit, induce (or attempt to encourage, solicit or induce) any employee or agent of the Company that was employed (or otherwise engaged) at the time of his separation during his employment and for 24 months after his separation from that employment for any reason; (iii) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with Company; (iv) not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with the Company during his employment and (v) will not, directly or indirectly and in a competitive capacity own, manage, finance, operate, control or participate in ownership, management, or operation of, act as an agent, consultant, or be employed with, any business engaged in the design, manufacture, marketing, sale or servicing of any service or product with which Dr. Miranda was involved during his last year of employment with the Company; or which the Company is developing, producing, marketing, selling or servicing (or plans to develop, produce, market, sale or service) and about which Dr. Miranda gained any confidential information in the course of his employment with the Company for a period of 24 months after his separation from the Company.

Thomas Carrico, Chief Regulatory Officer, entered into an employment agreement with the Company, dated August 9, 2022 and amended on May 4, 2023, which has a two-year initial term and provides for a base salary of $275,000 with annual compensation increase. Mr. Carrico will also receive a one-time incentive payment in the amount of $135,655, which amount includes accrued and unpaid salary and a bonus to incentivize Mr. Carrico to remain with the Company for future service. Neither the accrued and unpaid salary nor bonus was the subject of any contract or agreement between Mr. Carrico and the Company prior to the execution of the employment agreement. The agreement contemplated that the incentive payment would be paid by December 15, 2022, but due to administrative impracticability, payment will now be made with a portion of the proceeds from this offering. See "*Use of Proceeds*." In addition, Mr. Carrico shall be entitled to payment of a deferred bonus in an amount equal to (i) the aggregate of the strike price or exercise price of all 306,236 unexercised options to purchase stock or shares of the Company held by Mr. Carrico (the "Aggregate Strike Price") plus (ii) a tax gross-up payment on the Aggregate Strike Price reasonably calculated by the Company at the highest marginal rates so that after payment of all ordinary income taxes on such Aggregate Strike Price, there remains an amount sufficient to pay such ordinary income taxes. The special deferred bonus will be paid in substantially equal 20% installments (the "Annual Deferred Bonus Payment") on January 2 on each of 2024, 2025, 2026, 2027, and 2028 (the "Scheduled Payment Dates"), with a condition that on or before each Scheduled Payment Date, Mr. Carrico shall exercise at least 61,247 of the stock options; provided, however, Mr. Carrico shall not receive any Annual Deferred Bonus Payment unless this offering is effective. If a Scheduled Payment Date occurs prior to the effective date of this offering, the corresponding Annual Deferred Bonus Payment will be forfeited. Mr. Carrico may exercise any portion of the stock options after a Scheduled Payment Date; provided, however, an exercise after the applicable Scheduled Payment Date shall result in forfeiture of the related Annual Deferred Bonus Payment.

If the employment agreement is terminated by the Company without cause (as defined in the employment agreement) occurs during the term of the agreement, Mr. Carrico will receive any accrued compensation (as defined in the employment agreement) and is entitled to certain amount of severance payments as follows:

- If termination occurs during the initial term, the Company shall provide Mr. Carrico with severance compensation in the form of salary continuation at his Base Salary as of the termination date and ending the later of (i) 6 months or (ii) on the expiration date of the initial term.
- If termination occurs after the initial term, the severance payment shall be the amount equal to one half (1/2) of Mr. Carrico's Base Salary as of the termination date.
- In addition, if termination occurs during the initial term, as part of the severance payment, we agreed to pay Mr. Carrico reimbursement of his Medicare, Medicare Supplement and prescription drug coverage insurance premiums for continuation of health coverage for 18 months post termination.

If the employment agreement is terminated by the Company for cause, Mr. Carrico will forfeit any unpaid Annual Deferred Bonus Payment, but will receive any unpaid base salary that has been earned at the time of such termination, reimbursement of any expenses properly incurred prior to the Mr. Carrico's termination date; and (iii) accrued and unused PTO, if any, in accordance with the Company's PTO policy in effect on Mr. Carrico's termination date.

Mr. Carrico may terminate the employment agreement without good reason upon more than thirty (30) days' prior written notice or for good reason without prior written consent, and will receive accrued compensation (as defined in the employment agreement) and the unpaid balance of the special deferred bonus.

In the event that Mr. Carrico is terminated without cause after this offering, non-forfeited portions of the deferred bonus will be paid in equal installments over the remaining scheduled payment dates, if vested options as scheduled are exercised before the scheduled payment dates. A deferred bonus tranche will be forfeited if its corresponding options have expired.

On a change in control (as defined in the employment agreement), full vesting of the Annual Deferred Bonus Payment will occur and be paid in a single lump sum within 30 days after the change in control. The offering shall not be considered a change in control.

Pursuant to the employment agreement, Mr. Carrico also agreed to (i) not disclose to any unauthorized person or use for his own account any confidential information without the prior written consent of the Company or the board of directors, (ii) will not, directly or indirectly encourage, solicit, induce (or attempt to encourage, solicit or induce) any employee or agent of the Company that was employed (or otherwise engaged) at the time of his separation during his employment and for 24 months after his separation from that employment for any reason; (iii) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with Company; (iv) not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with the Company during his employment and (v) will not, directly or indirectly and in a competitive capacity own, manage, finance, operate, control or participate in ownership, management, or operation of, act as an agent, consultant, or be employed with, any business engaged in the design, manufacture, marketing, sale or servicing of any service or product with which Mr. Carrico was involved during his last year of employment with the Company; or which the Company is developing, producing, marketing, selling or servicing (or plans to develop, produce, market, sale or service) and about which Mr. Carrico gained any confidential information in the course of his employment with the Company for a period of 24 months after his separation from the Company.

Christopher Robin Brown, our Director of Innovation, entered into an employment agreement with the Company, dated August 9, 2022 and amended on May 4, 2023, which has a two-year initial term and provides for a base salary of $200,000 with annual compensation increase. Mr. Brown also will receive a one-time incentive payment in the amount of $35,294, which amount includes accrued and unpaid salary and a bonus to incentivize Mr. Brown to remain with the Company for future service. Neither the accrued and unpaid salary nor bonus was the subject of any contract or agreement between Mr. Brown and the Company prior to the execution of the employment agreement. The agreement contemplated that the incentive payment would be paid by December 15, 2022, but due to administrative impracticability, payment will now be made with a portion of the proceeds from this offering. See "*Use of Proceeds*."

If the employment agreement is terminated by the Company without cause (as defined in the employment agreement), Mr. Brown will receive any accrued compensation (as defined in the employment agreement) and is entitled to certain amount of severance payments as follows:

- If termination occurs during the initial term, the Company shall provide Mr. Brown with severance compensation in the form of salary continuation at his Base Salary as of the termination date and ending the later of (i) 3 months or (ii) on the expiration date of the initial term.

- If termination occurs after the initial term, the severance payment shall be the amount equal to one fourth (1/4th) of Mr. Brown's Base Salary as of the termination date.

- In addition, if termination occurs during the initial term, as part of the severance payment, we agreed to pay Mr. Brown reimbursement of his Medicare, Medicare Supplement and prescription drug coverage insurance premiums for continuation of health coverage for eighteen (18) months post termination.

If the employment agreement is terminated by the Company for cause, Mr. Brown will receive any unpaid base salary that has been earned at the time of such termination, reimbursement of any expenses properly incurred prior to the Mr. Brown's termination date; and accrued and unused PTO, if any, in accordance with the Company's PTO policy in effect on Mr. Brown's termination date.

Mr. Brown may terminate the employment agreement without good reason upon more than thirty (30) days' prior written notice or for good reason without prior written consent, and will receive accrued compensation (as defined in the employment agreement) and the unpaid balance of the special deferred bonus.

Pursuant to the employment agreement, Mr. Brown also agreed to (i) not disclose to any unauthorized person or use for his own account any confidential information without the prior written consent of the Company or the board of directors, (ii) will not, directly or indirectly encourage, solicit, induce (or attempt to encourage, solicit or induce) any employee or agent of the Company that was employed (or otherwise engaged) at the time of his separation during his employment and for 24 months after his separation from that employment for any reason; (iii) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with Company; (iv) not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with the Company during his employment and (v) will not, directly or indirectly and in a competitive capacity own, manage, finance, operate, control or participate in ownership, management, or operation of, act as an agent, consultant, or be employed with, any business engaged in the design, manufacture, marketing, sale or servicing of any service or product with which Mr. Brown was involved during his last year of employment with the Company; or which the Company is developing, producing, marketing, selling or servicing (or plans to develop, produce, market, sale or service) and about which Mr. Brown gained any confidential information in the course of his employment with the Company for a period of 24 months after his separation from the Company.

Gary Peterson, our Director of Design and Engineering, entered into an employment agreement with the Company, dated August 9, 2022 and amended on May 4, 2023, which has a two-year initial term and provides for a base salary of $200,000 with annual compensation increase and a one-time incentive payment in the amount of $6,731, which amount includes accrued and unpaid salary and a bonus incentivize Mr. Carrico to remain with the Company for future service. Neither the accrued and unpaid salary nor bonus was the subject of any contract or agreement between Mr. Peterson and the Company prior to the execution of the employment agreement. The agreement contemplated that the incentive payment would be paid by December 15, 2022, but due to administrative impracticability, payment will now be made with a portion of the proceeds from this offering. See "*Use of Proceeds*."

If the employment agreement is terminated by the Company without cause, Mr. Peterson will receive accrued compensation (as defined in the employment agreement) and certain amount of severance payments as follows:

- If termination occurs during the initial term, the Company shall provide Mr. Peterson with severance compensation in the form of salary continuation at his Base Salary as of the termination date and ending the later of (i) 6 months or (ii) on the expiration date of the initial term.

- If termination occurs after the initial term, the severance payment shall be the amount equal to one half (1/2) of Mr. Peterson's Base Salary as of the termination date.

- In addition, if termination occurs during the initial term, as part of the severance payment, we agreed to pay Mr. Peterson reimbursement of his COBRA premiums for continuation of health coverage for 18 months post termination.

If the employment agreement is terminated by the Company for cause (as defined in the employment agreement), Mr. Peterson will receive any unpaid base salary that has been earned at the time of such termination, reimbursement of any expenses properly incurred prior to the Mr. Peterson's termination date; and accrued and unused PTO, if any, in accordance with the Company's PTO policy in effect on Mr. Peterson's termination date.

Mr. Peterson may terminate the employment agreement without good reason upon more than thirty (30) days' prior written notice or for good reason without prior written consent, and will receive accrued compensation (as defined in the employment agreement) and the unpaid balance of the special deferred bonus.

Pursuant to the employment agreement, Mr. Peterson also agreed to (i) not disclose to any unauthorized person or use for his own account any confidential information without the prior written consent of the Company or the board of directors, (ii) will not, directly or indirectly encourage, solicit, induce (or attempt to encourage, solicit or induce) any employee or agent of the Company that was employed (or otherwise engaged) at the time of his separation during his employment and for 24 months after his separation from that employment for any reason; (iii) will not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with Company; (iv) not, directly or indirectly, have any ownership interest in, work for, advise, manage, act as an agent or consultant for, or have any business connection or business or employment relationship with any entity or person which competes with the Company during his employment and (v) will not, directly or indirectly and in a competitive capacity own, manage, finance, operate, control or participate in ownership, management, or operation of, act as an agent, consultant, or be employed with, any business engaged in the design, manufacture, marketing, sale or servicing of any service or product with which Mr. Peterson was involved during his last year of employment with the Company; or which the Company is developing, producing, marketing, selling or servicing (or plans to develop, produce, market, sale or service) and about which Mr. Peterson gained any confidential information in the course of his employment with the Company for a period of 24 months after his separation from the Company.

Director Compensation

Currently, none of our directors is compensated for their service as directors, and we do not expect to compensate directors who also become our employees in the future. Following completion of this offering, we do expect to compensate our independent directors $100,000 annually, with an additional $20,000 payable to the chair of our board of directors, apportioned equally between cash and RSUs and payable quarterly as of March 31, June 30, September 30 and December 31 of each year, beginning with a pro-rated payment on March 31, 2023. The RSUs will be granted under the 2022 Plan, and the number of RSUs granted will be determined at the discretion of the Compensation Committee based on one or more accepted valuation methodologies, such as the Black-Scholes model. The RSUs will vest upon the third anniversary of issuance.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information, as of March 31, 2023, with respect to the holdings of: (i) each person who is the beneficial owner of more than 5% of our common stock, (ii) each of our directors, (iii) each executive officer, and (iv) all of our executive officers and directors as a group.

Beneficial ownership of the common stock is determined in accordance with the rules of the SEC and includes any shares of our common stock over which a person exercises sole or shared voting or investment power, or of which a person has a right to acquire ownership at any time within 60 days of March 31, 2023. Applicable percentage ownership in the following table is based on (i) [●] shares of common stock issued and outstanding on March 31, 2023, plus an aggregate of 1,013,270 shares of common stock issuable upon conversion of our Series A Preferred Stock and an aggregate of 230,954 shares of common stock issuable upon conversion of our Series Seed Preferred Stock, as all shares of our preferred stock are expected to convert into shares of common stock in connection with this offering, and (ii) after the offering, assumes the issuance of [●] shares of common stock in the offering, which excludes shares of common stock which may be sold upon exercise of the Underwriter's over-allotment option, (iii) after the offering, assumes the issuance of 250,000 and 50,000 shares of common stock issued to Exchange Listing, LLC and Lucosky Brookman LP, respectively, in connection with this listing of our common stock on Nasdaq, (iv) plus, for each individual, any securities that person has the right to acquire within 60 days of March 31, 2023 through exercise of warrants, stock options or otherwise.

To the best of our knowledge, each of the persons named in the table has sole voting and investment power with respect to the shares of our common stock beneficially owned by such person, except to the extent such power may be shared with a spouse. To our knowledge, none of the shares listed below are held under a voting trust or similar agreement. To our knowledge, there is no arrangement, including any pledge by any person of securities of the Company, the operation of which may at a subsequent date result in a change in control of the Company.

Name of Owner	Shares of Common Stock Owned Beneficially	Percent of Class Before the Offering	Percent of Class After the Offering
5% Holders			
Masimo Corporation (1)	821,327	21.6%	14.5%
Brian P. Hannasch (2)	337,496	9.5%	6.2%
Executive Officers and Directors (3)			
Brian Carrico (4)	347,118	9.1%	6.1%
John Seale	—	—	—
Dan Clarence (5)	275,709	7.7%	5.1%
Adrian Miranda (6)	337,204	8.8%	5.9%
Thomas Carrico (7)	316,236	8.3%	5.6%
Christopher Robin Brown	792,837	22.6%	14.7%
Gary Peterson (8)	543,120	15.5%	10.1%
Timothy Henrichs*	—	—	—
Bradley Mitch Watkins*	—	—	—
Beth Keyser*	—	—	—
Officers and directors as a group (10 persons)	2,612,224	57.5%	40.7%

*Timothy Henrichs, Bradley Mitch Watkins, Beth Keyser have accepted nomination to our board of directors and will become members of our board of directors immediately upon the effectiveness of the registration statement of which this prospectus forms a part.

(1) The business address for Masimo Corporation is 52 Discovery, Irvine, California 92618. Shares of common stock beneficially owned includes 531,548 shares of common stock issuable upon the conversion of Series A Preferred Stock, and 289,779 shares of common stock issuable upon the exercise of prefunded warrants.

(2) The business address for Mr. Hannasch is 8815 West State Road 46, Columbus, Indiana 47201. Shares of common stock beneficially owned includes 245,710 shares of common stock issuable upon the conversion of Series A Preferred Stock, and 52,852 shares of common stock issuable upon the exercise of warrants.

(3) The business address for each executive officer and director is 11550 N. Meridian Street, Suite 325 Carmel, IN. 46032.

(4) Shares of common stock beneficially owned includes 320,000 shares of common stock issuable upon the exercise of stock options.

(5) Shares of common stock beneficially owned consists of 5,299 shares of common stock issuable upon the conversion of Series A Preferred Stock, 28,069 shares of common stock issuable upon conversion of Series Seed Preferred Stock, and 68,818 shares of common stock issuable upon the exercise of stock options.

(6) Shares of common stock beneficially owned consists of 337,204 shares of common stock issuable upon the exercise of stock options.

(7) Shares of common stock beneficially owned includes 306,236 shares of common stock issuable upon the exercise of stock options.

(8) In January 2023, Mr. Peterson sold 25,000 shares of common stock to an existing investor. Giving effect to this transaction, Mr. Peterson's beneficial ownership before the offering is 14.8% and after the offering will be 9.6%.

CERTAIN RELATIONSHIPS AND RELATED PERSONS TRANSACTIONS

SEC rules require us to disclose any transaction since the beginning of our last fiscal year or any currently proposed transaction in which we are a participant in which the amount involved exceeded or will exceed $120,000 and in which any related person has or will have a direct or indirect material interest. A related person is any executive officer, director, nominee for director, or holder of 5% or more of our common stock, or an immediate family member of any of those persons.

The Company has two demand notes receivable from its two founding shareholders, Christopher Robin Brown and Gary Peterson, related to the sale of common stock on January 1, 2016. The initial balances of both notes were $506,400, with interest calculated monthly based on applicable federal rates. No payments have been received on the notes. As of March 31, 2023, the balances of both notes were $506,400. The entire $1,012,800 balance has been fully reserved as of December 31, 2020.

The Company has loans payable to Christopher Robin Brown, one of our founders and a member of our board of directors, related to funding needs for operations with original principal amounts of $55,000 and $50,000 each bearing interest at 15% per annum. As of March 31, 2023, the outstanding balances of the loans were $20,051 and $38,000, respectively. We will use a portion of the proceeds from this offering to repay these loans payable. See "*Use of Proceeds*."

John Seale, our Chief Financial Officer, is also the managing partner of RBSK. Mr. Seale, through RBSK, has prepared the Company's financial statements since 2017. For the three months ended March 31, 2023, and the fiscal years ended December 31, 2022 and 2021, the Company paid RBSK $17,551, $116,542 and $80,394, respectively, for accounting services.

We have adopted a formal policy that our executive officers, directors, holders of more than 5% of any class of our voting securities, and any member of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a related party transaction with us without the prior consent of our Audit Committee, or other independent members of our Board of Directors if it is inappropriate for our audit committee to review such transaction due to a conflict of interest. Any request for us to enter into a transaction with an executive officer, director, principal shareholder, or any of their immediate family members or affiliates, in which the amount involved exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years must first be presented to our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our Audit Committee is to consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party's interest in the transaction.

SELLING STOCKHOLDERS

The Selling Stockholders are offering an aggregate of [●] shares of common stock, registered for resale hereby. The [●] shares of common stock offered by the Selling Stockholders are defined herein as the "Selling Stockholder Shares."

The Selling Stockholders may sell some, all or none of their Selling Stockholder Shares. Unless otherwise indicated in the footnotes below, the Selling Stockholders have not had any material relationship with us or any of our affiliates within the past three years other than as a security holder. To the best of our knowledge, the named parties in the table that follows are the beneficial owners and have the sole voting and investment power over all shares or rights to the Selling Stockholder Shares reported. None of the Selling Stockholders is a spouse or minor child of another Selling Stockholder.

We have prepared the following table based on written representations and information furnished to us by or on behalf of the Selling Stockholders. Unless otherwise indicated in the footnotes below, we believe that: (i) the Selling Stockholders are not a broker-dealer or affiliate of a broker-dealer, and (ii) the Selling Stockholders have not had direct or indirect agreements or understandings with any person to distribute their Selling Stockholder Shares. To the extent the Selling Stockholders identified below are, or are affiliated with, a broker-dealer, it could be deemed, to be an "underwriter" within the meaning of the Securities Act. Information about the Selling Stockholders may change over time.

The following table presents information regarding the Selling Stockholders and the Selling Stockholder Shares that they may offer and sell from time to time under this prospectus. The table is prepared based on information supplied to us by the Selling Stockholders, and reflects their respective holdings as of February 13, 2023, unless otherwise noted in the footnotes to the table. Beneficial ownership is determined in accordance with the rules of the SEC, and thus represents voting or investment power with respect to our securities. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days after the date of this table, to our knowledge and subject to applicable community property rules, the persons and entities named in the table have sole voting and sole investment power with respect to all equity interests beneficially owned. The percentage of shares beneficially owned before and after this offering is based on shares of our common stock issued and outstanding on [●], 2023.

Selling Stockholder	Shares Beneficially Owned Before this Offering	Percentage of Outstanding Shares Beneficially Owned Before this Offering	Shares to be Sold in this Offering	Shares Beneficially Owned After this Offering	Percentage of Outstanding Shares Beneficially Owned After this Offering (1)
Savanna C. Stapp	[50,356]	1.4%	50,356	0	-%
Mark T. Volz	100,712	4.7%	100,712	0	-%
Abby E. (Brown) Baier	50,356	1.4%	50,356	0	-%
Jessica L. (Brown) Snodgrass	50,356	1.4%	50,356	0	-%
Todd and Nancy Maxwell	50,000	1.4%	50,000	0	-%
Gary Peterson	518,120	14.8%	518,120	0	-%
Exchange Listing LLC	250,000(2)	11.2%	250,000	0	-%
Lucosky Brookman LLP	50,000(2)	1.4%	50,000	0	-%
Total	1,119,900	36.1%	1,119,900	-	-%

* Less than 1%.

(1) Assumes all shares offered by the Selling Stockholders are sold and that the Selling Stockholders buy or sell no additional shares of common stock prior to the completion of this Offering. The registration of these shares does not necessarily mean that the Selling Stockholders will sell all or any portion of the shares covered by this prospectus.

(2) Shares of common stock to be issued prior to the closing of this offering.

Plan of Distribution

We are registering the Selling Stockholder Shares issuable to permit the resale of the Selling Stockholder Shares by the Selling Stockholders from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale of the Selling Stockholder Shares. We will bear all fees and expenses incident to the registration of the Selling Stockholder Shares in the registration statement of which this prospectus forms a part. The Selling Stockholder Shares will not be sold through the underwriters in this public offering.

The Selling Stockholders may sell all or a portion of the Selling Stockholder Shares beneficially owned by them and offered hereby from time to time directly or through one or more broker-dealers or agents. If the Selling Stockholder Shares are sold through broker-dealers, the Selling Stockholders will be responsible for commissions or agent's commissions. The Selling Stockholder Shares may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions,

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales;
- in transactions through broker-dealers that agree with the Selling Stockholders to sell a specified number of such securities at a stipulated price per security;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell securities under Rule 144 or any other exemption from registration under the Securities Act, if available, rather than under this prospectus. However, the Selling Stockholders will not sell any Selling Stockholder Shares until after the closing of this initial public offering.

If the Selling Stockholders effect such transactions by Selling Stockholder Shares to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Stockholders or commissions from purchasers of the Selling Stockholder Shares for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the Selling Stockholder Shares or otherwise, the Selling Stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Selling Stockholder Shares in the course of hedging in positions they assume. The Selling Stockholders may also sell Selling Stockholder Shares short and deliver Selling Stockholder Shares covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The Selling Stockholders may also loan or pledge Selling Stockholder Shares to broker-dealers that in turn may sell such shares.

The Selling Stockholders may pledge or grant a security interest in some or all of the Selling Stockholder Shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the Selling Stockholder Shares from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, amending, if necessary, the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus. The Selling Stockholders also may transfer and donate the Selling Stockholder Shares in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders and any broker-dealer participating in the distribution of the Selling Stockholder Shares may be deemed to be “underwriters” within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the Selling Stockholder Shares is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of Selling Stockholder Shares being offered and the terms of this offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the Selling Stockholders and any discounts, commissions or concessions allowed or reallowed or paid to broker-dealers.

Under the securities laws of some states, the Selling Stockholder Shares may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the Selling Stockholder Shares may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any Selling Stockholder will sell any or all of the Selling Stockholder Shares registered pursuant to the registration statement, of which this prospectus forms a part.

The Selling Stockholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the Selling Stockholder Shares by the Selling Stockholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the Selling Stockholder Shares to engage in market-making activities with respect to the Selling Stockholder Shares. All of the foregoing may affect the marketability of the Selling Stockholder Shares and the ability of any person or entity to engage in market-making activities with respect to the Selling Stockholder Shares.

Once sold under the registration statement, of which this prospectus forms a part, the Selling Stockholder Shares will be freely tradeable in the hands of persons other than our affiliates.

DESCRIPTION OF OUR SECURITIES

General

Our certificate of incorporation authorizes us to issue up to 101,120,000 shares of capital stock, consisting of 100,000,000 shares of common stock, par value $0.001 per share, and 1,120,000 shares of preferred stock, par value $0.001 per share, 1,000,000 of which are designated as Series A Preferred Stock and 120,000 of which are designated as Series Seed Preferred Stock.

As of March 31, 2023, there were 1,963,322 shares of our common stock, 506,637 shares of our Series A Preferred Stock, and 115,477 shares of our Series Seed Preferred Stock issued outstanding.

Common Stock

Our certificate of incorporation authorizes the issuance of 100,000,000 shares of common stock, par value $0.001 per share. The holders of common stock are entitled to one vote per share on each matter submitted to a vote at any meeting of stockholders. Shares of common stock do not carry cumulative voting rights and, therefore, a majority of the shares of outstanding common stock will be able to elect the entire board of directors and, if they do so, minority stockholders would not be able to elect any persons to the board of directors. Our bylaws provide that a majority of our issued and outstanding shares constitutes a quorum for stockholders' meetings, except respecting certain matters for which a greater percentage quorum is required by statute or the bylaws.

Our common stockholders have no pre-emptive rights to acquire additional shares of common stock or other securities. The common stock is not subject to redemption and carries no subscription or conversion rights. In the event of our liquidation, the shares of common stock are entitled to share equally in corporate assets after satisfaction of all liabilities and after the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Holders of common stock are entitled to receive such dividends as the board of directors may, from time to time, declare out of funds legally available for the payment of dividends. We seek growth and expansion of our business through the reinvestment of profits, if any, and do not anticipate that we will pay dividends in the foreseeable future.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our Board, in its discretion, determines to declare and pay dividends and then only at the times and in the amounts that our Board may determine.

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters properly submitted to a vote of stockholders on which holders of common stock are entitled to vote. We have not provided for cumulative voting for the election of directors in our Certificate of Incorporation.

No Pre-emptive or Similar Rights

Our common stock is not entitled to pre-emptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Our certificate of incorporation authorizes the issuance of 1,120,000 shares of preferred stock, par value $0.001 per share, 1,000,000 of which are designated as Series A Preferred Stock and 120,000 of which are designated as Series Seed Preferred Stock. As of the date of hereof, there are 506,635 shares of our Series A Preferred Stock, and 115,477 shares of our Series Seed Preferred Stock outstanding. The requisite holder of our outstanding Series A Preferred Stock and Series Seed Preferred Stock have delivered a consent, dated December 22, 2022, to automatically convert all shares of preferred stock into shares of common stock (on a 2-for-1 basis) upon consummation of this offering.

Voting Rights

The Series A Preferred Stock and Series Seed Preferred Stock shall vote together with the common stock on an as-converted basis, and not as separate classes.

Conversion

The Series A Preferred Stock and Series Seed Preferred Stock initially convert 1:1 to common stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations, and similar events and as described below under "Anti-dilution Provisions." Due to a 4-for-1 stock split that occurred in September of 2021, and a subsequent 1-for-2 reverse stock split that occurred in January of 2023 each (1) share of Series A Preferred and Series Seed is currently convertible to two (2) shares of common stock.

Dividends

The Series A Preferred will carry an annual 8% cumulative dividend, payable upon any liquidation, dissolution or winding up of the Company (the "Accruing Dividend"). For any other dividends or distributions, participation with common stock on an as-converted basis.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid in the following priority:

- First, to the Series A Preferred in proportion to each holder's respective pro rata Series A original purchase price, plus any pro rata share of the Accruing Dividend until the entire Series A original purchase price and Accruing Dividend are paid;
- Second, to the Series Seed Preferred Stock in proportion to each holder's respective pro rata Series Seed original purchase price until the entire amount of the Series Seed original purchase price is paid;
- Thereafter, the Series A Preferred Stock and Series Seed Preferred Stock participate with the common stock pro rata on an as-converted basis.

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 (a "Deemed Liquidation Event"), thereby triggering payment of the liquidation preferences described.

Anti-dilution Provisions

The Series A Preferred have full-ratchet anti-dilution protection so that the conversion price will be reduced to 80% of the price at which any future shares are issued, if less than the Series A original purchase price.

Stockholders' Agreement:

All stockholders of the Company currently are subject to the Innovative Health Solutions, Inc. Amended and Restated Shareholders' Agreement dated as of October 12, 2017, as amended on January 30, 2019 (collectively, the "Stockholders' Agreement"). The Stockholders' Agreement contains provisions restricting the transfer of the Company's shares by our current stockholders, provisions related to certain preemptive rights and rights of first offer, and certain corporate governance requirements and restrictions, among other things. Upon the effectiveness of the registration statement of which this prospectus forms a part, the Stockholders' Agreement will terminate and be of no further force or effect pursuant to an amendment to the Stockholders' Agreement dated January 8, 2023.

Restrictions on Transfer: As a general matter, the Stockholders' Agreement currently provides that no stockholder may transfer the whole or any part of their shares, except as otherwise permitted by the Stockholders' Agreement. The Company's board of directors may, however, waive in writing any or all of the restrictions on transfer set forth in the Stockholders' Agreement. Furthermore, transfers to any one or more members of a class consisting of a stockholder's spouse, descendants, guardian or conservator, or to a trust for the benefit of any one or more members of such class (a "Family Transferee") are free of any restrictions on transfer; *provided*, *however*, that such no such transfer shall be permitted unless the transferring stockholder retains the sole legal and equitable rights to vote the shares being transferred to the Family Transferee.

Preemptive Rights and Rights of First Offer: Except as otherwise permitted in the Stockholders' Agreement, a stockholder may not transfer any or all of the shares of the Company owned by that stockholder to any transferee unless (i) the stockholder desiring to effectuate the transfer shall have first made the offer to sell to the Company, then to non-transferring stockholders within the circumstances and time periods prescribed in the Stockholders' Agreement and (ii) that offer shall not have been accepted by the Company or the non-transferring stockholders within the prescribed circumstances and time periods.

Governance Provisions: The Stockholders' Agreement currently requires the stockholders to vote in such a manner as to ensure the current directors of the Company are elected, appointed, and maintained as directors. Furthermore, certain extraordinary business decisions must be approved affirmatively by one of Gary Peterson or Christopher Robin Brown ("Group 1 Stockholders"), before the Company may implement them ("Extraordinary Decisions"). Such Extraordinary Decisions include (a) amending the Company's certificate of incorporation, (b) amending the Company's Bylaws, (c) amending the Stockholders' Agreement, (d) acquiring substantially all of the assets of the Company or another business (with certain exceptions), (e) incurring debt or liability in excess of $100,000 in each instance, (f) issuing options or equity in the Company, (g) undertaking a matter outside the ordinary course of business, (h) substantially changing the scope of an officer's duties with the Company, (i) terminating a Group 1 Stockholder's employment with the Company, (j) making distributions, and (k) conducting certain affiliate transactions.

Transfers during Lifetime and upon Death: The Stockholders' Agreement also currently prescribes that, upon the termination of an employment agreement between the Company and any stockholders except for the Group 1 Stockholders for any reason other than death, the Company may purchase all of the stockholder's shares of the Company at an agreed value established by the Board each year or the fair market value as of the date of such termination. Furthermore, upon the death of a stockholder, the Company shall have the right, for the longer of 3 months following receipt of notice of the death or 6 months from the date of death, to purchase such stockholder's shares at an agreed value established by the Board or the fair market value.

Investor Agreements

Masimo Side Letters

On April 9, 2020, the Company entered into a side letter with Masimo (the "Masimo Side Letter") in connection with Masimo's purchase of shares of our Series A Preferred Stock under that certain purchase agreement (the "Masimo Series A Purchase Agreement"). Pursuant to the Masimo Side Letter, Masimo is entitled to specify one individual to serve as a non-voting observer at all meetings of the board of directors and certain information and inspection rights. The Company also agreed to not enter into any agreement or arrangement with any investor providing for rights, benefits, powers, preferences, priorities or privileges more favorable to such investor than the rights, benefits, powers, preferences, priorities or privileges provided to Masimo under the Masimo Series A Purchase Agreement, unless Massimo is offered such opportunity.

The Company entered into a new letter agreement with Masimo, dated December 22, 2022, pursuant to which Masimo has agreed to relinquish its rights under the Masimo Side Letter immediately upon the effectiveness of the registration statement of which this prospectus forms a part.

Brian Hannasch Side Letters

On September 6, 2019, the Company entered into an investor rights agreement with Brian Hannasch (the "Investor Rights Agreement") in connection with Brian Hannasch's purchase of shares of our Series A Preferred Stock under certain purchase agreements (the "Series A Purchase Agreements"). Pursuant to the Investor Rights Agreement, Mr. Hannasch is entitled to certain information and inspection rights. As long as Mr. Hannasch holds at least 62,500 shares of Series A Preferred Stock, he is considered a major investor and, as such, is entitled to right of first offer if the Company proposes to sell any new securities, which shall terminate immediately before the consummation of this offering, or when the Company becomes subject to periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or upon the closing of a Deemed Liquidation Event, and may appoint one (1) observer to attend and be present at the meeting of board of directors. The Company also agreed not to, without Mr. Hannasch's approval (so long as Mr. Hannasch holds at least 62,500 shares of Series A Preferred Stock), (i) make any loan to any person, subsidiarity or other entity except expenditures in the ordinary course of business or under an employee stock option plan, (ii) own any securities of any subsidiarity or other entity unless it is wholly owned by the Company, (iii) guarantee any indebtedness except for trade accounts arising in the ordinary course of business, (iv) make any investment inconsistent with any investment policy approved by the board of directors, (v) enter into any material transaction with insiders of the Company outside the ordinary and usual course of business, (vi) authorize any plan for the issuance of any employee incentive equity rights, management incentive plans payable on the basis of equity proceeds or amend the 2017 Stock Compensation plan, or (vii) allow previous common stockholders who own more than $100,000 of common stock, except for certain common stockholders as indicated in the Investor Rights Agreement, to participate in the purchase of Series A Preferred Stock, unless such common stockholder purchases at least $100,000 of Series A Preferred Stock valued at the Series A original issue price.

The Company entered into a new letter agreement with Brian Hannasch, dated July 7, 2022, pursuant to which Mr. Hannasch has agreed to relinquish his rights under the Investor Rights Agreement immediately upon the effectiveness of the registration statement of which this prospectus forms a part.

Warrants

As of March 31, 2023, warrants to purchase an aggregate of 405,962 shares of our common stock, and 144,890 shares of Series A Preferred Stock were outstanding.

On September 6, 2019, we issued warrants to purchase 40,000 shares of common stock to Brian P. Hannasch, in connection with certain his purchase of our Series A Preferred Stock. Pursuant to the terms of the warrants, the warrant exercise price is equal to $0.01 per share, subject to certain adjustments. If unexercised, these warrants will expire on the 10th anniversary of their issuance dates. The warrants will neither expire nor be automatically exercised upon the closing of this offering. The warrants provide that the holder thereof may elect to exercise the warrant on a net "cashless" basis at any time prior to the expiration thereof. Assuming the closing of this offering occurs, the fair market value of one share of our common stock in connection with any cashless exercise shall be the based on the average of the daily closing prices per share for the 30 consecutive trading day period ending on the second trading day prior to such date.

On April 9, 2020, we issued pre-funded warrants to purchase 144,890 shares of Series A Preferred Stock (which are convertible into 289,779 shares of common stock) to Masimo, in connection with its purchase of our Series A Preferred Stock. Pursuant to the terms of the warrants, the warrant exercise price is equal to $0.0001 per share, subject to adjustments, and these warrants will not expire. The aggregate purchase price of these warrants, in the amount of approximately $2.7 million, equating to $18.87 per warrant share, was pre-funded to the Company and, consequently, no additional consideration shall be required to be paid by Masimo to effect any exercise of the warrants, except for the payment of the exercise price. The warrants will neither expire nor be automatically exercised upon the closing of this offering. The warrants provide that Masimo may elect to exercise the warrant on a net "cashless" basis at any time prior to the expiration thereof. Assuming the closing of this offering occurs, the fair market value of one share of our Series A Preferred Stock in connection with any cashless exercise shall be (i) the closing price or last sale price of a share of common stock reported for the business day immediately before the date on which Masimo delivers this warrant together with its notice of exercise to the Company, multiplied by the number of shares of common stock into which a share of Series A Preferred Stock is then convertible, if the common stock is then traded on a trading market, or (ii) the fair market value of Series A Preferred Stock, as mutually determined in writing by the Company and Masimo. Masimo may not exercise the warrant in excess of that number of shares which would cause the aggregate number of shares of common stock beneficially owned by Masimo to exceed 19.99% of the total number of issued and outstanding shares of common stock following such exercise, or the combined voting power of the securities beneficially owned by Masimo to exceed 19.99% of the combined voting power of all of the securities of the Company then outstanding following such exercise.

From June through November of 2022, we issued five-year warrants exercisable for an aggregate of 353,111 shares of common stock to Leonite Fund I, LP, Emmis Capital II, LLC, Bigger Capital Fund, LP, District 2 Capital Fund, LP, and Exchange Listing, LLC, pursuant to certain Securities Purchase Agreements (the "2022 SPAs") which provide for advances of up to $3 million in proceeds to us, subject to our satisfaction of certain conditions. The exercise price of the warrants shall be the lower of (a) $11.80 and (b) a 12% discount to the price per share in any subsequent offering by the Company.

From March through May 2023, we issued five-year warrants exercisable for an aggregate of [●] shares of common stock to 19 investors, pursuant to certain Securities Purchase Agreements (the "SPAs") which provide for advances of up to $6 million in proceeds to us, subject to our satisfaction of certain conditions (the "2023 Private Placement"). The exercise price of the warrants shall be 25% premium to the conversion price, which will be set at a 30% discount to the public offering price, or $[●] per share, subject to anti-dilution, issuable on a pro rata basis at each funding.

Certain Anti-Takeover Provisions of Delaware Law, Our Certificate of Incorporation and Our Bylaws

Section 203 of the DGCL provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an "interested stockholder" and may not engage in certain "Business Combinations" with such corporation for a period of three years from the time such person acquired 15% or more of such corporation's voting stock, unless: (1) the board of directors of such corporation approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder, (2) the interested stockholder owns at least 85% of the outstanding voting stock of such corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans), or (3) the merger transaction is approved by the board of directors and at a meeting of stockholders, not by written consent, by the affirmative vote of 2/3 of the outstanding voting stock which is not owned by the interested stockholder. A Delaware corporation may elect in its certificate of incorporation or Bylaws not to be governed by this particular Delaware law.

Our certificate of incorporation, our bylaws and the DGCL contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the members of our board of directors or taking other corporate actions, including effecting changes in our management. For instance, our certificate of incorporation does not provide for cumulative voting in the election of directors. Our board of directors are empowered to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director in certain circumstances; and our advance notice provisions in our bylaws require that stockholders must comply with certain procedures in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting.

Our authorized but unissued common stock will be available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Certificate of incorporation and Bylaws

Among other things, our certificate of incorporation and our bylaws:

- do not provide for cumulative voting in the election of directors;
- provides for the exclusive right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death, or removal of a director by stockholders;
- requires that a special meeting of stockholders may be called only by the Board of Directors, or by a committee of the Board of Directors that has been designated by the Board of Directors;
- limits the liability of, and providing indemnification to, our directors and officers;
- controls the procedures for the conduct and scheduling of stockholder meetings;
- grants the ability to remove directors only for cause by the affirmative vote of at least two-thirds of the voting power of all of the then outstanding shares of voting stock of the Company entitled to vote at an election of directors; and
- provides for advance notice procedures that stockholders must comply with in order to nominate candidates to the board of directors or to propose matters to be acted upon at a stockholders' meeting.

The combination of these provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares of common stock and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our common stock.

Forum for Litigation

Article VIII of our Certificate of Incorporation identifies the Court of Chancery of the State of Delaware (referring to Delaware State Courts) as the exclusive forum for certain litigation, including any derivative action. To the extent that the applicability such provision may be sought in connection with actions arising under the Securities Act or Exchange Act, pursuant to Section 27 of the Exchange Act, exclusive federal jurisdiction is created over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, which would result in federal courts instead having jurisdiction over such claims. Pursuant to Section 22 of the Securities Act, concurrent jurisdiction is created for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such provision in an action arising under the Securities Act or Exchange Act.

The Company does not intend for such exclusive forum provision to apply to claims arising under the Securities Act or the Exchange Act. With respect to claims arising under the Securities Act, note that investors cannot waive compliance with the federal securities laws and rules and regulations thereunder.

Limitation of Liability and Indemnification

Our bylaws provide that we will indemnify our directors to the fullest extent authorized or permitted by applicable law. Under our Bylaws, we are required to indemnify each of our directors and officers if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was our director or officer or was serving at our request as a director, officer, employee or agent for another entity. We must indemnify our officers and directors against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the indemnitee in connection with such action, suit or proceeding if the indemnitee acted in good faith and in a manner the indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the indemnitee's conduct was unlawful. Our bylaws also require us to advance expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding, provided that such person will repay any such advance if it is ultimately determined that such person is not entitled to indemnification by us. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Transfer Agent and Registrar

Vstock Transfer LLC is the Company's transfer agent with respect to our common stock. The principal business address of the transfer agent is 18 Lafayette Place, Woodmere, NY 11598. Phone: 212-828-8436.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has no public market for the Company's common stock, and a liquid trading market for its common stock may not develop or be sustained after this offering. Future sales of substantial amounts of the Company's common stock in the public market, or the anticipation of these sales, could materially and adversely affect market prices prevailing from time to time, and could impair the Company's ability to raise capital through sales of equity or equity-related securities.

Only a limited number of shares of the Company's common stock will be available for sale in the public market for a period of several months after completion of this offering due to contractual and legal restrictions on resale described below. Nevertheless, sales of a substantial number of shares of the Company's common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could materially and adversely affect the prevailing market price of its common stock. Although the Company intends to list its common stock on the Nasdaq, the Company cannot assure you that there will be an active market for its common stock.

Of the shares to be outstanding immediately after the completion of this offering, we expect that the shares to be sold in this offering will be freely tradable without restriction under the Securities Act unless purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act; these restricted securities may be sold in the public market only if registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act.

Rule 144

In general, under Rule 144 as currently in effect, once the Company has been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of the Company's affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares of its common stock proposed to be sold for at least six months is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than Company affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, the Company's affiliates or persons selling shares of its common stock on behalf of its affiliates are entitled to sell upon expiration of the market standoff agreements and lock-up agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

(a) 1% of the number of shares of the Company's capital stock then outstanding; or

(b) the average weekly trading volume of the Company's common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by the Company's affiliates or persons selling shares of its common stock on behalf of its affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about the Company.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of the Company's common stock pursuant to a written compensatory plan or contract, such as stock options granted under the 2017 Plan, and who is not deemed to have been an affiliate of the Company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation, or notice provisions of Rule 144. Rule 701 also permits affiliates of the Company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701 and until expiration of the lock-up period described below.

Lock-Up Agreements

In connection with this offering, the Company, and its officers, directors and 5% stockholders have agreed to a "lock-up" period, in the case of the Company, a period of 180 days after the date the registration statement, of which this prospectus forms a part is declared effective, and in the case of our directors and executive officers and our 5% and greater stockholders, a period of 180 days after the date the registration statement, of which this prospectus forms a part, is declared effective, with respect to the shares that they beneficially own, including shares issuable upon the exercise of convertible securities and options that are currently outstanding or which may be issued. This means that, for a period of 180 days following the closing of this offering, such persons may not offer, sell, pledge or otherwise dispose of these securities without the prior written consent of the Underwriter. Officers' and directors' 180-day restricted period is subject to extension upon certain events and the terms of the lock-up agreements may be waived at the Underwriter's discretion. The lock-up restrictions, specified exceptions and the circumstances under which the 180-day lock-up period may be extended are described in more detail under "*Underwriting*."

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of some of the possible U.S. tax consequences that should be anticipated in connection with an investment in our common stock. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), the U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. There can be no assurance that their Internal Revenue Service (the "IRS") will not challenge one or more of the tax consequences described herein, and we have not obtained, and do not intend to obtain, an opinion of counsel or ruling from the IRS with respect to the U.S. federal income tax considerations relating to the purchase, ownership, or disposition of our common stock. **Each prospective investor is urged to consult their own tax advisor about the tax consequences of an investment in our common stock in light of the investor's own circumstances**.

Consequences For U.S. Holders

The following discussion describes the material U.S. federal income tax consequences relating to the ownership and disposition of our common stock by U.S. Holders. As used in this discussion, the term "U.S. Holder" means a beneficial owner of our common stock that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (4) a trust (i) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (ii) that has elected to be treated as a domestic trust for U.S. federal income tax purposes.

This discussion applies to U.S. Holders that purchase our common stock pursuant to this offering and hold such common stock as capital assets. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances, or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as certain financial institutions, insurance companies, broker-dealers and traders in securities or other persons that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, persons who hold our common stock as part of a "straddle", "hedge", "conversion transaction", "synthetic security" or integrated investment, persons that have a "functional currency" other than the U.S. dollar, persons that own directly, indirectly or through attribution 10% or more of the voting power of our common stock, corporations that accumulate earnings to avoid U.S. federal income tax, persons subject to special tax accounting rules under Section 451(b) of the Code, partnerships and other pass-through entities, and investors in such pass-through entities). This discussion does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal estate, gift or alternative minimum tax consequences. If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax consequences relating to an investment in our common stock will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax consequences applicable to it and its partners of the purchase, ownership and disposition of our common stock.

Distributions

A U.S. Holder that receives a distribution with respect to our common stock generally will be required to include the gross amount of such distribution in income as a dividend when actually or constructively received, to the extent of the U.S. Holder's pro rata share of our current and/or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution received by a U.S. Holder is not a dividend because it exceeds the U.S. Holder's pro rata share of our current and accumulated earnings and profits, it will be treated first as a tax-free return of capital and reduce (but not below zero) the adjusted tax basis of the U.S. Holder's common stock. To the extent the distribution exceeds the adjusted tax basis of the U.S. Holder's common stock, the remainder will be taxed as capital gain.

Sale, Exchange or Other Disposition of our Common Stock

A U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of our common stock in an amount equal to the difference, if any, between the amount realized (i.e., the amount of cash plus the fair market value of any property received) on the sale, exchange or other disposition, and such U.S. Holder's adjusted tax basis in the shares that were transferred. Such capital gain or loss generally will be long-term capital gain or long-term capital loss if, on the date of sale, exchange or other disposition, the transferred shares were held by the U.S. Holder for more than one year. Long-term capital gains of individual investors are generally subject to lower tax rates than those imposed on ordinary income. Any capital gain of a non-corporate U.S. Holder that is not long-term capital gain is taxed at ordinary income rates. Capital losses might not be permitted to offset the full amount of an individual's ordinary income.

Medicare Tax on Net Investment Income

Certain U.S. Holders who are individuals, estates or trusts are subject to an additional 3.8% U.S. federal income tax on all or a portion of their "net investment income," which generally includes dividends on the shares, and net gains from the disposition of common stock. U.S. Holders that are individuals, estates or trusts should consult their tax advisors regarding the applicability of the Medicare tax.

Information Reporting and Backup Withholding

Generally, we must report annually to the IRS (with a copy of such report provided to you) the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. Backup withholding may apply to amounts subject to reporting if the U.S. Holder (1) fails to provide an accurate United States taxpayer identification number or otherwise establish a basis for exemption, or (2) is described in certain other categories of persons. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") generally imposes withholding tax at a rate of 30% on dividends on and gross proceeds from the sale or other disposition of securities that are beneficially owned by certain U.S. persons where held in a "foreign financial institution" (as specially defined under those rules), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners), or otherwise establishes an exemption. If a U.S. Holder owns our common stock in a foreign financial institution, they should obtain specific advice from an expert on the implications of FATCA.

Consequences to Non-U.S. Holders

The following is a summary of the material U.S. federal income tax considerations for Non-U.S. Holders relating to the purchase, ownership and disposition of the common stock purchased in this offering. A "Non-U.S. Holder" is a beneficial owner of our securities (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that, for U.S. federal income tax purposes, is not a U.S. holder. This summary is for general information purposes only and does not purport to be a complete analysis of all the potential tax considerations.

Distributions

Subject to the discussion below regarding effectively connected income, any dividend (including any taxable constructive stock dividend) paid to a Non-U.S. Holder generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend, or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, a Non-U.S. Holder must provide us with an IRS Form W-8BEN, IRS Form W-8BEN-E or other applicable IRS Form W-8 properly certifying qualification for the reduced rate. These forms must be updated periodically. A Non-U.S. Holder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. If a Non-U.S. Holder holds our common stock through a financial institution or other agent acting on the Non-U.S. Holder's behalf, the Non-U.S. Holder will be required to provide appropriate documentation to the agent, which then may be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by a Non-U.S. Holder that are effectively connected with its conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States) are generally exempt from such withholding tax if the Non-U.S. Holder satisfies certain certification and disclosure requirements. In order to obtain this exemption, the Non-U.S. Holder must provide us with an IRS Form W-8ECI or other applicable IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated U.S. federal income tax rates applicable to U.S. holders, net of certain deductions and credits. In addition, dividends received by a corporate Non-U.S. Holder that are effectively connected with its conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty. Non-U.S. Holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

Gain on Sale, Exchange or Other Taxable Disposition of Common Stock

Subject to the discussion below regarding backup withholding and foreign accounts, a Non-U.S. Holder generally will not be required to pay U.S. federal income tax on any gain realized upon the sale, exchange or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States);

- the Non-U.S. Holder is a non-resident alien individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs, and certain other conditions are met; or

- shares of our common stock constitute U.S. real property interests by reason of our status as a "United States real property holding corporation" (a USRPHC) for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the Non-U.S. Holder's disposition of, or the non- U.S. holder's holding period for, our common stock.

We believe that we are not currently and will not become a USRPHC for U.S. federal income tax purposes, and the remainder of this discussion so assumes. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as U.S. real property interests only if the Non-U.S. Holder actually or constructively holds more than five percent of such regularly traded common stock at any time during the shorter of the five-year period preceding the Non-U.S. Holder's disposition of, or the Non-U.S. Holder's holding period for, our common stock.

If the Non-U.S. Holder is described in the first bullet above, they will be required to pay tax on the net gain derived from the sale, exchange or other taxable disposition under regular graduated U.S. federal income tax rates, and a corporate Non-U.S. Holder described in the first bullet above also may be subject to the branch profits tax at a rate of 30%, or such lower rate as may be specified by an applicable income tax treaty. An individual Non-U.S. Holder described in the second bullet above will be required to pay a flat 30% tax (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, exchange or other taxable disposition, which gain may be offset by U.S. source capital losses for the year (provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses). Non-U.S. Holders should consult their own tax advisors regarding any applicable income tax or other treaties that may provide for different rules.

Information Reporting and Backup Withholding

Generally, we must report annually to the IRS (with a copy of such report provided to you) the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends on or of proceeds from the disposition of our common stock made to you may be subject to backup withholding unless you establish an exemption, for example, by properly certifying your non-U.S. status on an IRS Form W-8BEN or IRS Form W-8BEN-E or other applicable IRS Form W-8. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person. Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

UNDERWRITING

In connection with this offering, we will enter into an underwriting agreement with Alexander Capital L.P. as the Underwriter of this offering. The Underwriter, and each other underwriter named in the underwriting agreement, if any, has severally agreed to purchase from us, on a firm commitment basis, the number of shares, set forth opposite its name below, at the public offering price, less the underwriting discount set forth on the cover page of this prospectus.

Underwriter	Number of Shares
Alexander Capital L.P.	[●]
Total	[●]

The Underwriter is committed to purchase all of the shares offered by us other than those covered by the option to purchase additional securities described below, if they purchase any such securities. The obligations of the Underwriter may be terminated upon the occurrence of certain events specified in the underwriting agreement. Furthermore, pursuant to the underwriting agreement, the Underwriter's obligations are subject to customary conditions, representations and warranties contained in the underwriting agreement, such as receipt by the Underwriter of the officers' certificates and legal opinions.

The Company has agreed to indemnify the Underwriter against specified liabilities, including liabilities under the Securities Act of and to contribute to payments the Underwriter may be required to make in respect thereof.

The Underwriter is offering the shares subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel and other conditions specified in the underwriting agreement. The Underwriter reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Over-allotment Option

We have granted the Underwriter an over-allotment option. This option, which is exercisable for up to 45 days after the date of this prospectus, permits the Underwriter to purchase up to a total of [●] shares of common stock at [●] per share (equal to fifteen percent (15%) of the aggregate number of shares sold in this offering) and exercisable at a price per share equal to the public offering price less the underwriting discounts and commissions set forth on the cover of this prospectus in any combination thereof. We will be obligated, pursuant to the option, to sell these additional shares of common stock to the Underwriter to the extent the option is exercised.

Discount

The following table shows the public offering price, underwriting discount and proceeds, before expenses, to us. The information assumes either no exercise or full exercise by the Underwriter of its over-allotment option.

	Per Share	Total Without Over-Allotment Option	Total With Over Allotment Option
Public offering price	$ [●]	$ [●]	$ [●]
Underwriting discount (7.0%)	$ [●]	$ [●]	$ [●]
Proceeds, before expenses, to us	$ [●]	$ [●]	$ [●]

The Underwriter proposes to offer the shares offered by us to the public at the public offering price per share set forth on the cover of this prospectus. In addition, the Underwriter may offer some of the shares to other securities dealers at such price less a concession of $[●] per share.

The Company will pay the out-of-pocket accountable expenses of the Underwriter in connection with this offering. The underwriting agreement, however, provides that in the event the offering is terminated, any advance expense deposits paid to the Underwriter will be returned to the extent that offering expenses are not actually incurred in accordance with FINRA Rule 5110(g)(4)(A). The Company will receive a $25,000 advance expense deposit towards accountable expenses.

The Company has agreed to pay the Underwriter an Underwriter's fee of seven percent (7%) of the amount raised in this offering. If any capital is raised in a pre-offering bridge round, the placement fee will be equal to a nine percent (9%) cash fee, plus the Underwriter's Warrants. The Company has agreed to pay for a certain amount of the Underwriter's accountable expenses, including actual accountable road show expenses for the offering; prospectus tracking and compliance software for the offering; the reasonable and documented fees and disbursements of the Underwriter's counsel up to an amount of $[●]; background checks of the Company's officers and directors; preparation of bound volumes and cube mementos in such quantities as the Underwriter may reasonably request. The total amount of accountable expenses to be paid, reimbursed, or paid on behalf of the Underwriter will not exceed $175,000. In addition, we have also agreed to pay to the underwriters a non-accountable expense allowance in the amount of 1% of the gross offering amount (including shares purchased upon exercise of the over-allotment option).

The Company estimates that the total expenses of the offering payable by us, excluding underwriting discounts and commissions, will be approximately $[●].

We have been advised by the Underwriter that it proposes to offer the shares offered by us to the public at the public offering price per share set forth on the cover of this prospectus. In addition, the Underwriter may offer some of the shares to other securities dealers at such price less a concession of $[●] per share. After the initial offering, the public offering price and concession to dealers may be changed.

Underwriter Warrants

Upon the closing of this offering, we have agreed to issue to the Underwriter a five-year warrant to purchase a number of shares of common stock equal in the aggregate to six percent (6%) of the total number of shares issued by us in this offering. The Underwriter's Warrants will be exercisable at a per share exercise price equal to one hundred twenty percent (120%) of the public offering price per Unit. The Underwriter's Warrants will be exercisable at any time, and from time to time, in whole or in part, during the period from the effective date of the offering, which period shall not extend further than five years from the date of commencement of sales in this offering in compliance with FINRA Rule 5110. The Underwriter's Warrants are also exercisable on a cashless basis. The Underwriter's Warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to FINRA Rule 5110. Except as permitted by Rule 5110, the Underwriter (or permitted assignees under the Rule) will not sell, transfer, assign, pledge, or hypothecate the Underwriter's Warrants or the securities underlying the Underwriter's Warrants, nor will any of them engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the option or the underlying securities for a period of 180 days from the commencement of sales under this prospectus. The exercise price and number of securities upon exercise of the Underwriter's Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary cash dividend or our recapitalization, reorganization, merger or consolidation. However, the Underwriter's Warrant exercise price or underlying shares will not be adjusted for issuances of shares of common stock at a price below the Underwriter's Warrant exercise price.

The Underwriter's Warrants include piggy-back registration and mandatory registration rights in favor of the Underwriter. The piggy-back registration rights provide that the Company will, subject to certain limitations, include common stock underlying the Underwriter's Warrants in any registration statement filed by the Company while the Underwriter's Warrants are exercisable. The mandatory registration rights require the Company to prepare and file at the written request of the warrant holder, on a one-time basis, a registration statement on Form F-3 covering any remaining unregistered common stock underlying the Underwriter's Warrants so long as such warrants are exercisable. The underwriting agreement and the accompanying exhibits, including the form of the Underwriter's Warrant agreement, have been filed with this offering's registration statement of which this prospectus forms a part as Exhibit No. 1.1.

Discretionary Accounts

The Underwriter does not intend to confirm sales of the securities offered hereby to any accounts over which they have discretionary authority.

Lock-Up Agreements

Pursuant to the underwriting agreement and certain "lock-up" agreements, the Company, its executive officers, directors and certain holders of the Company's common stock and securities exercisable for or convertible into its common stock outstanding immediately upon the closing of this offering, have agreed, subject to certain exceptions, not to offer, sell, assign, transfer, pledge, contract to sell, or otherwise dispose of or announce the intention to otherwise dispose of, or enter into any swap, hedge or similar agreement or arrangement that transfers, in whole or in part, the economic risk of ownership of, directly or indirectly, engage in any short selling of any common stock or securities convertible into or exchangeable or exercisable for any common stock, whether currently owned or subsequently acquired, without the prior written consent of the Underwriter, for a period of 180 days from the date of effectiveness of the registration statement, of which this prospectus forms a part.

Right of First Refusal

We have granted the Underwriter a right of first refusal, for a period of 12 months from the closing of this offering, to act as sole investment banker, sole book runner and/or sole Underwriter at the Underwriter's discretion, for each and every future public or private equity financing for the Company, or any successor to or subsidiary of the Company. The right of first refusal may be terminated by the Company for cause, which including a material breach by the Underwriter or a material failure by the Underwriter to provide services as contemplated.

Electronic Offer, Sale and Distribution of Securities

A prospectus in electronic format may be made available on the websites maintained by the Underwriter, if any, participating in this offering and the Underwriter participating in this offering may distribute prospectuses electronically. The Underwriter may agree to allocate a number of shares for sale to its online brokerage account holders. Internet distributions will be allocated by the Underwriter that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of, nor incorporated by reference into, this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us or the Underwriter in its capacity as the Underwriter, and should not be relied upon by investors.

Stabilization

In connection with this offering, the Underwriter may engage in stabilizing transactions, over-allotment transactions, covered transactions, penalty bids and purchases to cover positions created by short sales.

- Stabilizing transactions permit bids to purchase securities so long as the stabilizing bids do not exceed a specified maximum and are engaged in for the purpose of preventing or retarding a decline in the market price of the common stock while the offering is in progress.

- Over-allotment transactions involve sales by the Underwriter of securities in excess of the number of shares the Underwriter is obligated to purchase. This creates a covered short position which may be either a covered short position or a naked short position. In a covered short position, the number of securities over-allotted by the Underwriter is not greater than the number of securities that they may purchase in the over-allotment option. In a naked short position, the number of securities involved is greater than the number of securities in the over-allotment option. The Underwriter may close out any short position by exercising its over-allotment option and/or purchasing securities in the open market.

- Covered transactions involve purchases of shares of common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares of common stock to close out the short position, the Underwriter will consider, among other things, the price of shares of common stock available for purchase in the open market as compared with the price at which it may purchase shares of common stock through exercise of the over- allotment option. If the Underwriter sells more shares of common stock than could be covered by exercise of the over-allotment option and, therefore, have a naked short position, the position can be closed out only by buying shares of common stock in the open market. A naked short position is more likely to be created if the Underwriter is concerned that after pricing there could be downward pressure on the price of the shares of common stock in the open market that could adversely affect investors who purchase in the offering.

- Penalty bids permits the Underwriter to reclaim a selling concession from a syndicate member when the securities originally sold by the Underwriter are purchased in stabilizing or covered transactions to cover short positions.

These stabilizing transactions, covered transactions and penalty bids may have the effect of raising or maintaining the market price of the shares of common stock or preventing or retarding a decline in the market price of its shares of common stock. As a result, the price of the common stock in the open market may be higher than it would otherwise be in the absence of these transactions. Neither the Company nor the Underwriter make any representation or prediction as to the effect that the transactions described above may have on the price of the Company's common stock. These transactions may be effected on the Nasdaq Capital Market, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making

In connection with this offering, the Underwriter may engage in passive market making transactions in the Company's common stock on The Nasdaq Capital Market in accordance with Rule 103 of Regulation M under the Exchange Act, during a period before the commencement of offers or sales of the securities and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, then that bid must then be lowered when specified purchase limits are exceeded.

Other Relationships

The Underwriter and their respective affiliates may, in the future provide various investment banking, commercial banking and other financial services for the Company and its affiliates for which they have received, and may in the future receive, customary fees. However, except as disclosed in this prospectus, the Company has no present arrangements with the Underwriter for any further services.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the Underwriter that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

LEGAL MATTERS

The validity of the common stock offered by us in this offering will be passed upon for us by Lucosky Brookman LLP, Woodbridge, New Jersey. Certain legal matters will be passed upon for the Underwriter by Carmel, Milazzo & Feil LLP, New York, New York.

INTERESTS OF NAMED EXPERTS AND COUNSEL

Except as noted below, no expert or counsel named in this prospectus as having prepared or certified any part of this prospectus or having given an opinion upon the validity of the securities being registered or upon other legal matters in connection with the registration or offering of the securities was employed on a contingency basis, or had, or is to receive, in connection with the offering, a substantial interest, direct or indirect, in the registrant or any of its parents or subsidiaries. Nor was any such person connected with the registrant or any of its parents or subsidiaries as a promoter, managing or principal underwriter, voting trustee, director, officer, or employee.

Lucosky Brookman LLP, counsel to the Company in connection with this initial public offering, will own 50,000 shares of the Company's common stock. These 50,000 shares of Common Stock will be issued upon the closing of the initial public offering as partial payment for legal services rendered in connection with the initial public offering.

EXPERTS

The financial statements as of December 31, 2022 and 2021, included in this registration statement have been so included in reliance upon the report of Rosenberg Rich Baker Berman, P.A., an independent registered public accounting firm, given on the authority of said firm as an expert in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the securities offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit.

We are subject to the information reporting requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available on the website of the SEC referred to above. The information contained in, or that can be accessed through, our website is not part of this prospectus, and you should not consider the contents of our website in making an investment decision with respect to our common stock.

Index to Financial Statements

NEURAXIS, INC.

Neuraxis, Inc.
Condensed Balance Sheet

	March 31, 2023 (Unaudited)	December 31, 2022
Assets		
Current Assets:		
Cash and cash equivalents	**$ 45,463**	$ 253,699
Accounts receivable, net	**363,485**	174,399
Inventories	**77,018**	48,133
Prepaids and other current assets	**19,761**	726
Total current assets	**505,727**	476,957
Property and equipment, at cost:	**413,453**	405,845
Less - accumulated depreciation	**(325,062)**	(317,834)
Property and equipment, net	**88,391**	88,011
Other Assets:		
Deferred offering costs	**815,708**	736,736
Operating lease right of use asset	**93,602**	101,382
Intangible assets, net	**74,937**	77,558
Total Assets	**$ 1,578,365**	$ 1,480,644

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

Neuraxis, Inc.
Condensed Balance Sheet

	March 31, 2023 (Unaudited)	December 31, 2022
Liabilities		
Current Liabilities:		
Accounts payable	**$ 2,060,788**	$ 1,592,116
Accrued expenses	**1,020,891**	834,062
Notes payable	**210,090**	202,834
Current portion of operating lease payable	**37,328**	33,395
Notes payable - related party	**58,051**	58,051
Notes payable - convertible notes, net of unamortized discount of $4,481,355 and $3,327,213 as of March 31, 2023 and December 31, 2022	**313,089**	228,342
Customer deposits	**72,072**	59,174
Derivative liabilities	**1,947,630**	1,735,700
Warrant liabilities	**3,541,532**	2,234,384
Total current liabilities	**9,261,471**	6,978,058
Non-current Liabilities:		
Operating lease payable, net of current portion	**63,917**	76,199
Total non-current liabilities	**63,917**	76,199
Total liabilities	**9,325,388**	7,054,257
Commitments and contingencies (see note 16)		
Stockholders' Deficit		
Convertible Series A Preferred stock, $0.001 par value; 1,000,000 shares authorized; 506,637 issued and outstanding as of March 31, 2023 and December 31, 2022	**507**	507
Convertible Series Seed Preferred Stock, $0.001 par value; 120,000 shares authorized; 115,477 issued and outstanding as of March 31, 2023 and December 31, 2022	**115**	115
Common stock, $0.001 par value; 100,000,000 shares authorized; 1,963,322 issued and outstanding as of March 31, 2023 and December 31, 2022	**1,963**	1,963
Additional paid in capital	**28,355,230**	28,355,230
Accumulated deficit	**(36,104,838)**	(33,931,428)
Total stockholders' deficit	**(7,747,023)**	(5,573,613)
Total Liabilities and Stockholders' Deficit	**$ 1,578,365**	$ 1,480,644

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

Neuraxis, Inc.
Condensed Statements of Operations (Unaudited)

	For the Three Months Ended March 31,	
	2023	**2022**
Net Sales	**$ 805,110**	$ 770,267
Cost of Goods Sold	**95,900**	75,200
Gross Profit	**709,210**	695,067
Selling Expenses	**107,932**	135,880
Research and Development	**16,797**	44,398
General and Administrative	**1,480,755**	1,028,096
Operating Loss	**(896,274)**	(513,307)
Other Income (Expense):		
Financing charges	**(2,772)**	—
Interest expense	**(161,689)**	(26,100)
Change in fair value of warrant liability	**234,807**	—
Change in fair value of derivative liability	**191,297**	—
Amortization of debt discount and issuance cost	**(2,662,655)**	—
Extinguishment of derivative liabilities	**1,129,498**	—
Other income	**1,550**	10
Other expense	**(7,172)**	257
Total other income (expense), net	**(1,277,136)**	(25,833)
Net Loss	**$ (2,173,410)**	$ (539,140)
Per-share Data		
Basic and diluted loss per share	**$ (1.18)**	$ (0.37)
Weighted Average Shares Outstanding		
Basic and diluted	**2,003,322**	1,968,004

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

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

For the Three Months Ended March 31, 2023, and 2022

	Convertible Series A Preferred Stock		Convertible Series Seed Preferred Stock		Common Stock		Additional Paid In	Accumulated	Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Deficit
Balance, January 1, 2022	506,637	$ 507	115,477	$ 115	1,928,004	$ 1,928	$ 28,323,157	$ (29,151,366)	$ (825,659)
Stock based compensation	—	—	—	—	—	—	11,994	—	11,994
Net loss	—	—	—	—	—	—	—	(539,140)	(539,140)
Balance, March 31, 2022	506,637	$ 507	115,477	$ 115	1,928,004	$ 1,928	$ 28,335,151	$ (29,690,506)	$ (1,352,805)
Balance, January 1, 2023	**506,637**	**$ 507**	**115,477**	**$ 115**	**1,963,322**	**$ 1,963**	**$ 28,355,230**	**$ (33,931,428)**	**$ (5,573,613)**
Net loss	—	—	—	—	—	—	—	**(2,173,410)**	**(2,173,410)**
Balance, March 31, 2023	**506,637**	**$ 507**	**115,477**	**$ 115**	**1,963,322**	**$ 1,963**	**$ 28,355,230**	**$ (36,104,838)**	**$ (7,747,023)**

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

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

	For the Three Months Ended March 31,	
	2023	**2022**
Cash Flows from Operating Activities		
Net Loss	**$ (2,173,410)**	$ (539,140)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization of debt discount and issuance cost	**2,662,655**	—
Depreciation and amortization	**9,849**	8,379
Provisions for losses on accounts receivable	**(3,787)**	8,273
Non-cash lease expense	**7,780**	6,648
Stock based compensation	**—**	11,994
Extinguishment of derivative liability	**(1,129,498)**	—
Finance Charges	**2,772**	—
Change in fair value of derivative liabilities	**(191,297)**	—
Change in fair value of warrant liabilities	**(234,807)**	—
Changes in operating assets and liabilities:		
Accounts receivable	**(185,299)**	(89,782)
Inventory	**(28,885)**	(750)
Prepaids and other current assets	**(19,035)**	(141)
Accounts payable	**468,672**	207,028
Accrued expenses	**186,829**	223,196
Customer deposits	**12,898**	(22,722)
Operating lease liability	**(8,349)**	(6,896)
Net cash used by operating activities	**(622,912)**	(193,913)
Cash Flows from Investing Activities		
Additions to property and equipment	**(7,608)**	—
Net cash used by investing activities	**(7,608)**	—
Cash Flows from Financing Activities		
Principal payments on notes payable	**(2,695,344)**	(41,035)
Proceeds from notes payable	**52,600**	—
Proceeds from convertible notes, net of fees	**3,144,000**	—
Offering costs paid	**(78,972)**	(405)
Net cash provided (used) by financing activities	**422,284**	(41,440)
Net Decrease in Cash and Cash Equivalents	**(208,236)**	(235,353)
Cash and Cash Equivalents at Beginning of Period	**253,699**	320,858
Cash and Cash Equivalents at End of Period	**$ 45,463**	$ 85,505
Supplemental Disclosure of Non-cash Cash Activities		
Cash paid for interest	**$ 35,865**	$ 23,923
Cash paid for income taxes	**—**	—
Supplemental Schedule of Non-cash Investing and Financing Activities		
Fair value of warrants issued with convertible notes	**$ 1,541,955**	$ —
Fair value of derivative liabilities of conversion feature from convertible notes	**1,532,725**	—

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

Neuraxis, Inc.
Notes to the Unaudited 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 on April 17, 2012, under the name of Innovative Health Solutions, Inc. The name was changed to Neuraxis, Inc. in March of 2022. Additionally, the Company filed a Certificate of Conversion to become a Delaware corporation on June 23, 2022. The authorized shares were increased, and a par value established.

On September 7, 2021, the Company's board of directors authorized a 4-for-1 stock split. They also increased the number of authorized common stock shares from 2,700,000 to 10,800,000. Furthermore, on September 9, 2021, the board authorized an increase of authorized shares of common stock from 10,800,000 to 13,400,000 in anticipation of a capital offering. Furthermore, on January 10, 2023, the Company's board of directors authorized a 1-for-2 reverse stock split. All per share information has been adjusted for this reverse stock split. The reverse split became effective on January 12, 2023. All share and per share amounts for the common stock have been retroactively restated to give effect to the splits. See Subsequent Events footnote.

As part of the conversion to a Delaware corporation, the total number of shares of all classes of stock which the Corporation shall have authority to issue is (1) 100,000,000 shares of Common Stock, par value $0.001 per share ("Common Stock") and (ii) 1,120,000 shares of Preferred Stock, par value $0.001 per share ("Preferred Stock"), 1,000,000 of which is hereby designated as "Series A Preferred Stock" and 120,000 of which is hereby designated as "Series Seed Preferred Stock" with the rights, preferences, powers, privileges and restrictions, qualifications and limitations set forth in this Article IV of the Delaware Certificate of Incorporation. All share amounts have been retroactively restated to give effect to these changes.

The Company is headquartered in Versailles, Indiana. The Company specializes in the development, production, and sale of medical neuromodulation devices.

The Company has developed three FDA cleared products, the IB-STIM (DEN180057, 2019), the NSS-2 Bridge (DEN170018, 2017), and the original 510(K) clearance (K140530, 2014).

- The IB-STIM is a percutaneous electrical nerve field stimulator (PENFS) device that is indicated in patients 11-18 years of age with functional abdominal pain associated with irritable bowel syndrome. The IB-STIM currently is the only product marketed and sold by the Company.

- The NSS-2 Bridge is a percutaneous nerve field stimulator (PNFS) device indicated for use in the reduction of the symptoms of opioid withdrawal. The NSS-2 Bridge device was licensed to Masimo Corporation in April 2020, and the Company received a one-time licensing fee of $250,000 from Masimo. Masimo markets and sells this product as its Masimo Bridge, and the Company will not receive any further licensing payments or other revenue from this product.

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

2. Summary of Significant Accounting Policies

The summary of significant accounting policies of Neuraxis, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Company's condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and following 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, consisting only of normal recurring adjustments, which are necessary for a fair statement of the Company's financial information. These interim results are not necessarily indicative of the results to be expected for the year ending December 31, 2023, or any other interim period or for any other future year. These unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 2022.

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 doubtful accounts, stock-based compensation, income tax provisions, excess and obsolete inventory reserve, impairment of intellectual property, and valuations of warrant and derivative liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company did not hold any cash equivalents as of March 31, 2023 and December 31, 2022.

Trade Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Interest is not charged on past due customer accounts.

Credit Losses

Trade accounts receivable are stated net of credit losses. We estimate credit losses by evaluating specific accounts where information indicates our customers may have an inability to meet financial obligations, such as customer payment history, credit worthiness and receivable amounts outstanding for an extended period beyond contractual terms. We use assumptions and judgment, based on the best available facts and circumstances, to record an allowance to reduce the receivable to the amount expected to be collected. Credit losses were $27,457 and $31,275 at March 31, 2023 and December 31, 2022, respectively. During the three months ended March 31, 2023 and 2022, the Company recorded ($3,787) and $8,273, respectively, as a (recovery)/bad debt expense.

Customer Deposits

Customer deposits consists of billings, payments, and returned devices from clients in advance of revenue recognition. The Company will recognize the customer deposits over the next year. As of March 31, 2023, and December 31, 2022, the Company had customer deposits of $72,072 and $59,174, respectively.

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. For the three months ended March 31, 2023 and 2022, $0 were expensed as expired inventory.

Deferred Offering Costs

Deferred offering costs consist of costs incurred in connection with the preparation of an initial public offering. These costs, together with the underwriting discounts and commissions, will be charged to additional paid in capital upon completion of the proposed public offering or charged to operations if the proposed public offering is not completed. As of March 31, 2023 and December 31, 2022, the Company had deferred offering costs of $815,708 and $736,736, respectively.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Depreciation is calculated using the following estimated useful lives:

Classification	Years
Leasehold Improvements	10-20
Machinery and Equipment	7-10
Furniture and Fixtures	5-10

Research and Development

Costs for research and development are expensed as incurred. Research and development expenses consist primarily of clinical research studies, and new product development.

Intangible Assets

Intangible assets consist of patents and a trademark. Patents are stated at their historical cost and amortized on a straight-line basis over their expected useful lives. Capitalized patent costs, net of accumulated amortization, includes legal costs incurred for patent applications. In accordance with ASC 350, once a patent is granted, we amortize the capitalized patent costs over the remaining life of the patent using the straight-line method. If the patent is not granted, we write-off any capitalized patent costs at that time.

The Company entered into an agreement for a trademark related to the Company's name on July 11, 2022. The agreement called for an initial payment of $10,000 upon execution of the agreement. A second and final payment of $40,000 is contingent upon the completion of the Company's planned initial public offering. The second payment has not been recorded in these financial statements. The trademark does not have a determinate life and therefore the cost is not being amortized. See Note 16 Commitments and Contingencies.

We review intangible assets for impairment annually or when events or circumstances indicate that their carrying amount may not be recoverable. During the three months ended March 31, 2023 and 2022, the Company recorded no impairment charges for intangible assets.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Company's financial statements and tax returns. Deferred tax assets and liabilities are determined based upon the differences between the financial statement carrying amounts, and the tax bases of existing assets and liabilities for the loss and credit carryforwards using enacted tax rates expected to be in effect in the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that these assets may not be realized. The Company determines whether a tax position will be sustained upon examination. If it is not more likely than not that a position will be sustained, none of the benefit attributable to the position is recognized. The tax benefit to be recognized for any tax position that meets the more likely than not recognition threshold is calculated as the largest amount that is more than 50% likely of being realized upon resolution of the contingency. The Company accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes.

No interest or penalties have been accrued or charged to expense as of March 31, 2023 and 2022 and for the three months then ended.

The Company's income tax returns are subject to examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax return have a three-year statute of limitations. As of March 31, 2023, the following tax years are subject to examination:

Jurisdiction	Open Years for Filed Returns
Federal	2020 – 2022
Various States	2020 – 2022

Advertising Cost

Advertising costs are expensed as incurred and amounted to $8,000 and $8,300 for the three months ended March 31, 2023 and 2022, respectively.

Derivative Liabilities

The Company accounts for derivative financial instruments embedded in convertible debt as either equity or liabilities in accordance with ASC Topic 815, *Derivatives and Hedging*, or ASC 815, based on the characteristics and provisions of each instrument. Embedded derivatives are required to be bifurcated from the host instruments and recorded at fair value if the derivatives are not clearly and closely related to the host instruments on the date of issuance. Derivative instrument liabilities are classified in the balance sheets as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Warrant Liabilities

Management evaluates all of the Company's financial instruments, including issued Warrants to purchase its Class A common stock, to determine if such instruments are liabilities or contain features that qualify as derivatives, pursuant to ASC 480 and ASC 815-15, respectively. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company utilizes a Monte Carlo simulation model for warrants that have an option to convert at a variable number of shares to compute the fair value of the derivative and to mark to market the fair value of the liabilities at each balance sheet date. The inputs utilized in the application of the Monte Carlo model included a starting stock price, an expected remaining term of each warrant as of the valuation date, estimated volatility, drift, and a risk-free rate. The Company records the change in the fair value of the derivative as other income or expense in the statements of operations.

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 assets/liabilities include cash, accounts receivable, accounts payable, prepaids, and other current assets. Management believes the estimated fair value of these accounts on March 31, 2023 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 assets/liabilities include derivative and 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 Company utilizes a Monte Carlo simulation model for warrant and derivative liabilities that have an option to convert or exercise at a variable number of shares to compute the fair value of the liabilities and to mark to market the fair value of the liabilities at each balance sheet date. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

The following tables provides a summary of the relevant assets and liabilities that are measured at fair value on recurring basis:

Fair Value Measurements as of March 31, 2023

	Total	(Level 1)	(Level 2)	(Level 3)
Liabilities:				
Warrant liabilities	$ 3,541,532	$ —	$ —	$ 3,541,532
Derivative liabilities	$ 1,947,630	$ —	$ —	$ 1,947,630
Total Liabilities	$ 5,489,162	$ —	$ —	$ 5,489,162

Fair Value Measurements as of December 31, 2022

	Total	(Level 1)	(Level 2)	(Level 3)
Liabilities:				
Warrant liabilities	$ 2,234,384	$ —	$ —	$ 2,234,384
Derivative liabilities	$ 1,735,700	$ —	$ —	$ 1,735,700
Total Liabilities	$ 3,970,084	$ —	$ —	$ 3,970,084

The following table shows the valuation methodology and unobservable inputs for Level 3 assets and liabilities measured at fair value on recurring basis as of March 31, 2023 and December 31, 2022:

	Fair Value As of March 31 2023	Fair Value As of December 31 2022	Valuation Methodology	Unobservable Inputs
Warrant liabilities	$ 3,541,532	$ 2,234,384	Monte Carlo model	Future value of the Company's common stock; probability and timing of a potential equity offering.
Derivative liabilities	$ 1,947,630	$ 1,735,700	Monte Carlo model	Future value of the Company's common stock; probability and timing of a potential equity offering.

There were no transfers between any of the levels during three months ended March 31, 2023 and year ended December 31, 2022. In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company's assets and liabilities are also subject to nonrecurring fair value measurements. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges.

Basic and Diluted Net Income (Loss) per Share

Earnings or loss per share ("EPS") is computed by dividing net income (loss), net of preferred stock dividends, by the weighted average number of shares of common stock outstanding during the period. Basic weighted average shares for the year ended March 31, 2023 include 40,000 vested warrants to purchase common shares. As the shares underlying these warrants can be purchased for little to no consideration ($0.01 per share exercise price), they are included in the computation of basic earnings per share. Diluted EPS is computed by dividing net income (loss) by the weighted average of all potentially dilutive shares of common stock that were outstanding during the periods presented. Preferred stock dividends (not declared or paid) were $2,378,706 and $2,190,102 as of March 31, 2023 and December 31, 2022, respectively.

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, which is the case for March 31, 2023 and 2022 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 at March 31, 2023 and 2022:

	2023	2022
Convertible Series A Preferred Stock	1,013,270	1,013,270
Convertible Series Seed Preferred Stock	230,954	230,954
Options	1,319,394	1,319,394
Pre-Funded Warrants for Convertible Series A Preferred Stock	289,779	289,779
Warrants	954,044	365,967
Convertible Bridge Debt	717,432	376,652
Totals	4,524,873	3,596,016

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

	For the Three Months Ended March 31,	
	2023	**2022**
Numerator		
Net loss	$ (2,173,410)	$ (539,140)
Preferred stock dividends	(188,604)	(188,604)
	(2,362,014)	(727,744)
Denominator		
Weighted-average shares of common stock outstanding - basic and diluted	2,003,322	1,968,004
Basic and diluted net loss per share	$ (1.18)	$ (0.37)

Stock-Based Compensation

The Company accounts for all stock-based payments and awards under the fair value-based method. 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 an actual forfeiture of a stock option.

The Company accounts for the granting of stock options 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 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.

Stock-based payments 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

Neuraxis, Inc. specializes in the development, production, and sale of medical neuromodulation devices to healthcare providers primarily located in the United States. Patented and trademarked neuromodulation devices is the Company's major product line. Products are generally transferred at a point in time (rather than over time). Essentially all the Company's revenue is generated from purchase order contracts.

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, 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 of 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 estimates credit losses on accounts receivable by estimating expected credit losses over the contractual term of the receivable using a discounted cash flow method. When developing this estimate of expected credit losses, the Company considers all available information (past, current, and future) relevant to assessing the collectability of cash flows.

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.

The following table disaggregates the Company's revenue based on the customer's location by state for the three months ended March 31:

	2023		2022
California	**$ 212,620**	Wisconsin	$ 266,980
Ohio	**133,955**	Ohio	129,670
Wisconsin	**111,040**	California	76,975
Massachusetts	**51,900**	Missouri	47,800
Missouri	**49,410**	Indiana	32,238
All other states	**246,185**	All other states	216,604
	$ 805,110		$ 770,267

The following economic factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows as indicated:

Type of customer: Based on dollar amounts of revenue, essentially all of the goods sold by the Company are sold to healthcare customers including hospitals and clinics. Sales to healthcare customers lack seasonality and have a mild correlation with economic cycles.

Geographical location of customers: Sales to customers located within the United States represent essentially all of the Company's sales.

Type of contract: Sales contracts consist of purchase order contracts that tend to be short-term (i.e., less than or equal to one year in duration).

The opening and closing balances of trade receivables, contract assets, and contract liabilities from contracts with customers are as follows:

	Trade Receivables	Contract Assets	Contract Liabilities
Balance 1/1/2022	$ 115,301	$ 0	$ 0
Balance 12/31/22 and 1/1/2023	$ 174,399	$ 0	$ 0
Balance 3/31/2023	$ 363,485	$ 0	$ 0

Company's Performance Obligations with Customers:

Timing of Satisfaction

The Company typically satisfies its performance obligations as the goods are delivered.

Goods that are shipped to customers are typically shipped FOB shipping point with freight prepaid by the Company. As such, ownership of goods in transit transfer to the customer when shipped and the customer bears the associated risks (e.g., loss, damage, delay). In some cases, a customer will take delivery directly from the Company's inventory (i.e., consigned inventory), at which point ownership and the associated risks pass to the customer at that time.

Shipping and handling costs are recorded as general and administrative expenses in the Statement of Operations.

Significant Payment Terms

Payment for goods sold by the Company is typically due after an invoice is sent to the customer, within 30 days. However, other payment terms are frequently negotiated with customers ranging from due upon receipt to due within 90 days. Some payment terms may call for payment only after the healthcare provider receives their insurance reimbursement. Invoices for goods are typically sent to customers within three calendar days of shipment. 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.

Nature

Medical devices that the Company contracts to sell and transfer to customers are manufactured by one specific third-party manufacturer. The manufacturer is located within the state of Indiana. 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).

Returns, Refunds, etc.

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. Historically, returns have been immaterial, and the Company currently does not provide a provision for this liability.

Warranties

In most cases, goods that customers purchase from the Company are covered by manufacturers' warranties. The Company does not sell warranties separately.

The manufacturer guarantees the product for the period up to the expiration date printed on the device's label or twelve months from the date of purchase, whichever comes first. The guarantee applies to flaws of material and workmanship. The Company's warranties provide customers with assurance that purchased devices comply with published specifications, inspection standards, and workmanship. At the time revenue is recognized, the Company estimates the cost of expected future warranty claims but does not exclude any amounts from revenue. The Company maintains appropriate accounts to reflect the effects of expected future warranty claims on the Company's financial position and periodically adjusts those accounts to reflect its actual warranty claim experience. Historically, warranty claims have been immaterial, and the Company currently does not provide a provision for this liability.

The Company typically satisfies its performance obligations for goods at a point in time. In most cases, goods are shipped by common carrier to customers under "FOB Shipping Point" terms. As such, customers typically obtain control of the goods upon shipment. The Company's management exercises judgment in determining when performance obligations for goods have been satisfied. In making such judgments, management typically relies on shipping information obtained from common carriers to evaluate when the customer has obtained control of the goods.

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.

Leases

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and current and non-current lease liabilities, as applicable.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. Certain adjustments to the right-of-use asset may be required for items such as incentives received. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate to discount lease payments, which reflects the fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. Prospectively, the Company will adjust the right-of-use assets for straight-line rent expense, or any incentives received and remeasure the lease liability at the net present value using the same incremental borrowing rate that was in effect as of the lease commencement or transition date. The Company has elected not to recognize leases with an original term of one year or less on the balance sheet. The Company typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew.

Assumptions made by the Company at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right of use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right of use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

Entities may elect not to separate lease and non-lease components. The Company has elected to account for lease and non-lease components together as a single lease component for all underlying assets and allocate all the contract consideration to the lease component only.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable, we compare the carrying amount of the asset group to future undiscounted net cash flows, excluding interest costs, expected to be generated by the asset group and their ultimate disposition. If the sum of the undiscounted cash flows is less than the carrying value, the impairment to be recognized is measured by the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Concentrations of Credit Risk

The Company's business activity consists of the sale of medical neuromodulation devices to doctors, clinics, and hospitals across the country.

Receivables consist of unsecured amounts due from customers. As of March 31, 2023, accounts receivable from two customers with balances due in excess of 10% of total accounts receivable were approximately 31%, 13%, respectively. As of December 31, 2022, accounts receivable from three customer with balances due in excess of 10% of total accounts receivable were approximately 23%, 15%, and 12%, respectively.

The table below sets forth the Company's customers that accounted for greater than 10% of its revenues in one of the periods ended March 31, 2023 and 2022, respectively.

	2023	Percentage of Sales	2022	Percentage of Sales
Hospital A	**$ 153,020**	19%	$ 73,475	10%
Hospital B	**122,200**	15%	122,200	16%
Hospital C	**90,350**	11%	238,300	31%
	$ 365,570	45%	$ 433,975	56%

From time to time, the Company's bank balances may exceed the FDIC limit of $250,000; however, management does not feel that this has a material impact on the financial condition. At March 31, 2023 and December 31, 2022, the Company's uninsured cash balances totaled $0.

Going Concern

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 March 31, 2023, we had an stockholders' deficit of approximately $7.7 million. At March 31, 2023, we had short-term outstanding borrowings of approximately $581 thousand, net of discounts of $4,481,355. As of March 31, 2023, we had cash of approximately $45 thousand and a working capital deficit of approximately $8.8 million.

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 2023 and beyond. Based on our current operating plans, we believe that our existing cash at the time of this filing will only be sufficient to meet our anticipated operating needs through July 2023.

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.

To date, the Company has experienced operating losses and negative cash flows from operations. Management believes that increased sales and acceptance of their product by insurance providers will allow the Company to achieve profitability in the near term.

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, 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 June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires measurement and recognition of expected credit losses for financial assets held and requires enhanced disclosures regarding significant estimates and judgments used in estimating credit losses. In November 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates, which amends the effective date of ASU 2016-13. Public business entities meeting the definition of an SEC filer, excluding entities eligible to be a Smaller Reporting Company ("SRC") as defined by the SEC, are required to adopt the standard for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities are required to adopt the standard for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The adoption of this guidance did not 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' initial balances were $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 $1,117,798 as of March 31, 2023. The current loan balances are as follows:

March 31, 2023	Loan Receivable	Interest Receivable	Interest Income
Shareholder 1	$ 506,400	$ 52,566	$ 5,496
Shareholder 2	506,400	52,432	5,496
	1,012,800	104,998	10,992
Allowance for Collection Risk	(1,012,800)	(104,998)	(10,992)
Net Balance	$ —	$ —	$ —

December 31, 2022	Loan Receivable	Interest Receivable	Interest Income
Shareholder 1	$ 506,400	$ 47,071	$ 11,523
Shareholder 2	506,400	46,936	11,523
	1,012,800	94,007	23,046
Allowance for Collection Risk	(1,012,800)	(94,007)	(23,046)
Net Balance	$ —	$ —	$ —

The Company has loans payable to shareholders related to funding needs for operations. The current loan details for all related party loans are as follows:

March 31, 2023	Due Date	Interest Rate	Loan Balance	Interest & Service Fee Accrued	Interest Paid
Shareholder 1	June, 2019	15.00%	$ 20,051	$ 8,912	$ —
Shareholder 1	June, 2019	15.00%	38,000	24,906	—
Other Convertibles	Various	5.00%	—	66,648	—
Total			$ 58,051	$ 100,466	$ —

December 31, 2022	Due Date	Interest Rate	Loan Balance	Interest & Service Fee Accrued	Interest Paid
Shareholder 1	June, 2019	15.00%	$ 20,051	$ 8,161	$ —
Shareholder 1	June, 2019	15.00%	38,000	23,481	—
Other Convertibles	Various	5.00%	—	66,648	—
Total			$ 58,051	$ 98,290	$ —

The Company's Chief Financial Officer, John Seale, CPA.CITP, is contracted for services through RBSK Partners PC (RBSK). Mr. Seale is RBSK's managing partner and majority shareholder. RBSK is engaged by the Company to provide accounting and tax services on a continuous basis. Fees paid to RBSK for services were $17,551 and $16,722 for the three months ended March 31, 2023 and 2022, respectively. The Company owed RBSK for open invoices of $165,177 and $68,142 that are included in accounts payable as of March 31, 2023 and December 31, 2022, respectively.

4. Property and Equipment

Property and equipment, net consists of the following:

	March 31, 2023	December 31, 2022
Furniture and fixtures	$ 87,148	$ 87,148
Computer hardware	23,060	15,452
Leasehold improvements	21,064	21,064
Machinery and equipment	282,181	282,181
Total property and equipment	413,453	405,845
Less: accumulated depreciation	(325,062)	(317,834)
Property and equipment, net	$ 88,391	$ 88,011

Depreciation expense was $7,228 and $7,894 for the three months ended March 31, 2023 and 2022, respectively.

5. Intangible Assets

Intangible assets, net consists of the following:

	March 31, 2023	December 31, 2022
Software Implementation	$ 49,815	$ 49,815
Patents	32,463	32,463
Patents	10,000	10,000
Total intangible assets	92,278	92,278
Less: accumulated amortization	(17,341)	(14,720)
Intangible assets, net	$ 74,937	$ 77,558

Amortization expense was $2,621 and $485 for the three months ended March 31, 2023 and 2022, respectively.

6. Accrued Expenses

Accrued expenses consisted of the following:

	March 31, 2023	December 31, 2022
Wages	$ 503,855	$ 523,003
Employee benefits	21,536	16,555
Commissions	113,036	-
Capital raise fees	55,250	88,259
Property taxes	1,060	777
Interest	292,336	173,826
Related party interest	33,818	31,642
Total accrued expenses	$ 1,020,891	$ 834,062

7. Notes Payable

The Company borrowed $250,000 on December 16, 2021, from Channel Partners Capital. The note calls for 65 weekly payments of $4,923 with the final payment scheduled for March 16, 2023. The note's interest rate computes to a nominal rate of 40.856%. The principal outstanding at January 1, 2022 was $244,048. The Company borrowed $122,000 on September 16, 2022 to bring the principal balance back to $250,000. The principal outstanding at December 31, 2022 was $202,834. The terms of the note are the same as the previous note with the final payment scheduled for December 16, 2023. The principal outstanding at March 31, 2023 was $157,490. The Company determined that the advancement of additional funds is a minor modification to the terms of the existing loan since the difference in present value of the cash flows under the terms of the new loan is less than 10% of the present value of the remaining cash flows under the terms of the original loan. As a result, the modification was accounted for as a modification of debt.

The lender was granted and assigned a continuing security interest in all the Company's personal property assets including, but not limited to, business equipment, inventory, accounts, accounts receivable, intellectual property, chattel paper, instruments, deposit accounts, commercial tort claims, contract rights, licenses, claims, and general intangibles.

The future minimum principal payments to be paid in 2023 are $157,490.

On February 15, 2023, the Company signed a promissory note with Exchange Listing, LLC in the amount of $52,600. The note carries an interest rate of 1%. The interest shall accrue on the outstanding balance until the date of repayment and shall be payable at the time and place and in the manner provided in this promissory note. The Note shall be paid on the earlier of (i) three months from the date hereof or (ii) the Company receiving a financing in the minimum of $3,000,000.

8. Convertible Notes

During March of 2023, the Company conducted multiple closings of a private placement offering to accredited investors for aggregate gross proceeds of $3,888,889 or net proceeds of $3,500,000.

The notes consisted of (a) a Convertible Promissory Note that accrues interest at 12% that can be paid in cash or PIK. The notes automatically convert into common shares at a 30% discount to the IPO. The notes mature on the sooner of the six-month anniversary date from issuance or a successful IPO on primary exchange in the U.S. (b) a five-year warrant to purchase common stock equal to fifty percent (50%) of the shares into which the 2023 Convertible Notes can be converted into at issuance. The warrants have a strike price at a 25% premium to the Conversion Price subject to anti-dilution, issuable on a pro rata basis at each funding.

As facilitators to the notes Signature Bank and Alexander Capital, L.P. will receive certain fees. Signature Bank received a $6,000 escrow fee from the first round of funding. Alexander Capital, L.P. has and will continue to receive (i) a cash commission of ten percent (10%) of the proceeds raised in the Offering from Investors introduced to the Company by the Placement Agent; (ii) the granting to the Placement Agent of a warrant for the purchase of a number of shares of Common Stock equal to 6% of the number of Underlying Securities; and (iii) the other matters set forth in the engagement letter between the Company and the Placement Agent dated April 13, 2022. As of March 31, 2023, Alexander Capital, L.P. has earned $350,000 in commissions which are recorded as a debt discount.

During the year ended December 31, 2022, the Company conducted multiple closings of a private placement offering to accredited investors for aggregate gross amount of $3,555,556 and net proceeds of $3,070,000.

The 2022 Convertible Notes signed from June 3, 2022 to November 30, 2022 have aggregate gross amounts of $3,333,333 and net proceeds of $2,870,000 and consisted of (a) a Convertible Promissory Note that accrues interest at the greater of Prime rate plus 8.5% or 12%. The notes convert into common shares at the lower of $9.44 or 30% discount to the price per share of any subsequent offering. The notes mature on the one-year anniversary date from issuance. (b) a five-year warrant to purchase common stock equal to one hundred percent (100%) of the shares into which the 2022 Convertible Notes can be converted into at issuance. The warrants have an exercise price at the lower of $11.80 per share or a 12.5% discount to the price per share of any subsequent offering. (c) shares of the Company's common stock equal to 10% of the principal amount of these notes, at a value per share equal to the conversion price. The 35,318 shares of common stock issued to investors had a relative fair value of $4,789.

As an additional incentive for entering into the Convertible note offering, the Company offered an original issue discount equal to 10% of the principal amount of the notes. The Company also paid $130,000 to law firms related to this offering.

In March of 2023, the Company used borrowings from the 2023 convertible notes to pay the principal balance of some of the previously issued notes totaling, $2.65 million.

The 2022 Convertible Notes signed on December 19, 2022 have aggregate gross proceeds of $222,222 or net proceeds of $200,000 and consisted of an original issue discount of 10% of the principal amount and have an interest rate of 12% per annum. The notes will mature at the earlier of (i) twelve (12) months from the issue date or (ii) the date upon which the Company completes a registered public offering of shares of the Company, which encompasses the closing of this offering. The notes are convertible into shares of common stock at the higher of (i) $9.44 per share, or (ii) the price per share of common stock issued pursuant to the next registered public offering of shares of the Company made prior to the conversion of any portion of the note. Interest accrues on the aggregate principal amount (which includes original issue discount) and is payable on the maturity date, at the Company's election, in cash or in-kind. The holders of the notes are entitled to piggyback registration rights on any registration statement filed by the Company, other than the registration statement of which this prospectus forms a part and any registration filed on Form S-4 or Form S-8. The warrants and conversion shares are subject to anti-dilution adjustments outlined in the Agreement.

The Company has applied ASC 815 and ASC 480, due to the potential for settlement in a variable quantity of shares. Since these convertible notes and warrants have the option to convert or be exercised at a variable amount, they are subject to derivative liability treatment. The conversion feature has been measured at fair value using a Monte Carlo model at the date of issuance and is adjusted to fair value at each reporting period. The fair value of the embedded derivative and the warrant liability at date of issuance was $3,982,414 and $4,350,286, respectively. See notes 13 and 14.

The value of the incentives given to investors totaled $9,567,934. Since the value of the incentives given to investors was in excess of the principal value of the notes, the Company recognized $7,242,946 as debt discount and expensed the remaining $2,324,988 as financing fees. The debt discount is being amortized over the life of these notes to amortization of debt discount and issuance cost. As of March 31, 2023, the Company has amortized $2,761,590 of the debt discount. The remaining balance of $4,481,356 will be amortized over the remaining life of the notes.

During the periods ended March 31, 2023 and December 21, 2022, the Company accrued interest of $225,687 and $107,178, respectively, included in accrued expenses on the balance sheet.

9. 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 at March 31, 2023 and December 31, 2022.

The Company had three leases primarily consisting of office space in Versailles and Carmel Indiana. Two of the leases in Versailles started January 1, 2017. Both have an initial term of five years with an option for an additional five-year term. The monthly lease payments for these leases are $550 and $1,600 with a 3% per annum increase starting with the optional five-year term. The lease in Carmel started March 1, 2016. The initial term is five years and three months with an option for an additional three-year term. The monthly lease payment started at $1,472 with an annual increase of approximately 2.7%. On December 16, 2020, the Company entered into an amendment of the Carmel lease that extended the initial term by two years.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the implicit interest rate is generally not readily determinable, the Company uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate reflects the estimated rate of interest that the Company would pay to borrow on a collateralized basis over a similar economic environment. Lease expense for the operating lease is recognized on a straight-line basis over the lease term.

Leases may include renewal options, and the renewal option is included in the lease term if the Company concludes that it is reasonably certain that the option will be exercised. Certain leases may contain rent escalation clauses, either fixed or adjusted periodically for inflation of market rates, that are factored into the calculation of lease payments to the extent they are fixed and determinable at lease inception. The Company also has variable lease payments that do not depend on a rate or index, primarily for items such as common area maintenance and real estate taxes, which are recorded as expenses when incurred.

For the three months ended March 31, 2023 and 2022, the Company recognized $11,729 and $13,107 of operating lease expense, including short-term lease expense and variable lease costs.

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

	March 31, 2023	December 31, 2022
Operating lease right-of-use assets	**$ 93,602**	$ 101,382
Other current liabilities	**37,328**	33,395
Operating lease liabilities	**63,917**	76,199
	$ 101,245	$ 109,594
Weighted-average remaining lease term (in years)	3.75	4.00
Weighted-average discount rate	15.0%	15.0%

As of March 31, 2023, the maturities of the Company's operating lease liabilities were as follows:

2023 (9 months)	$ 34,550
2024	36,302
2025	28,192
2026	29,038
Total lease payments	128,082
Less: imputed interest	26,837
Total present value of lease payments	$ 101,245

10. Common Stock and Warrants

On September 7, 2021, the Company's board of directors authorized a 4-for-1 stock split. They also increased the number of authorized common stock shares from 2,700,000 to 10,800,000. Furthermore, on September 9, 2021, the board authorized an increase of authorized shares of common stock from 10,800,000 to 13,400,000 in anticipation of a capital offering. As part of the conversion to a Delaware Corporation in June of 2022, the total number of common stock shares authorized was increased to 100,000,000.

Furthermore, on January 10, 2023, the Company's board of directors authorized a 2-for-1 reverse stock split. All share information in these financial statements has been adjusted for this reverse stock split.

In connection with a bridge loan, the Company issued a warrant to a shareholder, Brian Hannasch, on September 18, 2018. The warrant allows the holder to purchase common stock from the Company at a share price of $4.38 per share. The number of shares was based on a formula tied to the amount of loans made by the holder. The number of shares based on this formula is 12,852. The warrant contains certain rights in the event of liquidation, merger, or consolidation of the Company. If the fair market value of one share is greater than the warrant price, the holder may elect to receive a number of shares equal to the value of the warrant. If the exercise is in connection with the sale of the Company, the holder may, at its option, condition its exercise of the warrant upon the consummation of such transaction. The warrant expires on September 18, 2028 and can be exercisable either in whole or from time to time in part prior to the expiration date.

The Company issued a second warrant to Brian Hannasch on September 6, 2019, under similar terms. This is a penny warrant that allows the holder to purchase 40,000 shares of common stock and is subject to adjustment for certain equity events. The warrant contains certain rights in the event of liquidation, merger, or consolidation of the Company. The warrant expires on September 6, 2029.

The Company issued a third warrant to Masimo Corporation on April 9, 2020. This warrant was pre-funded in the amount of $2,734,340. The warrant allows the holder to purchase 289,779 shares of Series A Preferred Stock at $9.44 per share and is subject to adjustment for certain equity events. The warrant contains certain rights in the event of liquidation, merger, or consolidation of the Company. There will be no additional purchase price for the Warrants. In the event that all outstanding shares of Series A Preferred Stock are converted, automatically or by action of the holders thereof, into Common Stock, including, without limitation, in connection with the Company's initial, underwritten public offering and sale of its Common Stock pursuant to an effective registration statement under the Act (the "IPO"), then from and after the date on which all outstanding shares of Series A Preferred Stock have been so converted, this Warrant shall be exercisable for such number of shares of Common Stock into which the Warrant Shares would have been converted had the Warrant Shares been outstanding on the date of such conversion, and the Exercise Price shall equal the Exercise Price in effect as of immediately prior to such conversion divided by the number of shares of Common Stock into which one share of Series A Preferred Stock would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

During 2022, the Company issued 353,110 five-year warrants to purchase common stock equal to one hundred percent (100%) of the shares into which the 2022 convertible notes can be converted into at issuance. The warrants have an exercise price at the lower of $11.80 per share or a 12.5% discount to the price per share of any subsequent offering. The number of Warrant Shares is determined based on the number of the Company's common shares that would be issued upon full conversion of the Note. Initially, this will be calculated based on the first prong of the Conversion Price definition in Section 2.2(a) of the Note ($9.44 per share). If the conversion price is adjusted downwards pursuant to the Note, so that the number of shares issuable upon the full conversion of the Note increases, the number of Warrant Shares will be adjusted accordingly.

The following is a summary of warrant activity for common stock during the periods ended March 31, 2023 and December 31, 2022:

	Number of Warrants for Common Stock	Weighted-Avg. Exercise Price	Weighted-Avg. Remaining Contractual Life
Outstanding as of January 1, 2022	52,852	$ 2.13	7.44
Granted	353,110	11.80	5.00
Cancelled/Expired	—	—	—
Exercised	—	—	—
Outstanding as of December 31, 2022	405,962	$ 10.54	4.84
Granted	—	—	
Cancelled/Expired	—	—	
Exercised	—	—	
Outstanding as of March 31, 2023	405,962	$ 10.54	4.59

The following is a summary of warrant activity for preferred stock during the periods ended March 31, 2023 and December 31, 2022:

	Number of Warrants for Preferred Stock	Weighted-Avg. Exercise Price
Outstanding as of January 1, 2022	—	$ —
Granted	144,890	0.0001
Cancelled/Expired	—	—
Exercised	—	—
Outstanding as of December 31, 2022	144,890	$ 0.0001
Granted	—	—
Cancelled/Expired	—	—
Exercised	—	—
Outstanding as of March 31, 2023	144,890	$ 0.0001

The following table summarizes the Company's warrants outstanding and exercisable as of March 31, 2023.

	Number of Warrants Outstanding	Exercise Price	Expiration Date
Brian Hannasch W-01	12,852	$ 8.7600	September 18, 2028
Brian Hannasch W-02	40,000	$ 0.0050	September 6, 2029
Masimo Corporation PSA-01	144,890	$ 0.0001	None
2022 Convertible Notes	353,110	$ 11.8000	Various
	550,852		

The Company is a party to two investment banking and advisory agreements with a consulting firm engaged in connection with listing our common stock for trading on Nasdaq. Pursuant to the first advisory agreement, dated March 3, 2022, the Company agreed to pay the consulting firm a monthly consulting fee of $5,000 and a final payment of $50,000 upon a successful Nasdaq listing, and, also upon such listing, to issue the consulting firm shares of our common stock representing 1.5% of our outstanding shares after giving effect to the offering and to issue the consulting firm five-year warrants to purchase shares of our common stock representing 2.0% of our outstanding shares after giving effect to this offering on a fully-diluted basis with an exercise price per share representing the public offering price per share. Pursuant to the second advisory agreement with consulting firm, dated June 20, 2022, and amended December 20, 2022, the Company agreed to pay fees in the aggregate of up to $136,166 for advice in connection with communication and other related matters leading up to, and in connection with, this offering and to issue the consulting firm 25,000 shares of common stock upon a successful Nasdaq listing. The Company agreed to piggyback registration rights with respect to all shares issued to the consulting firm under both advisory agreements, including shares issuable upon exercise of the warrants. The Company evaluated the agreements and determined that the shares will not be recorded and valued until the performance condition is satisfied.

11. Preferred Stock

The Company has authorized 1,120,000 shares of preferred stock of which 1,000,000 has been designated Series A Preferred and 120,000 has been designated Series Seed Preferred, of which 506,637 shares of Series A Preferred and 115,477 shares of Series Seed Preferred are issued and outstanding as of March 31, 2023 and December 31, 2022. The requisite holder of our outstanding Series A Preferred Stock and Series Seed Preferred Stock have delivered a consent, dated December 22, 2022, to automatically convert all shares of preferred stock into shares of common stock (on a 2-for-1 basis) upon consummation of this offering.

The aggregate purchase price of the Series A Preferred Stock was $9,321,165, of which $7,692,664 was comprised of cash and the remaining $1,628,501 was comprised of converted debt and common stock. The aggregate purchase price of the Series Seed Preferred shares was $0, as all the Series Seed shares were converted from common stock as an incentive to reinvest in Series A Preferred Stock.

The following is a summary of Preferred Stock terms:

Voting Rights - The Series A Preferred and Series Seed Preferred shall vote together with the Common Stock on an as-converted basis, and not as separate classes.

Conversion - The Series A Preferred and Series Seed initially convert 1:1 to Common Stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations, and similar events and as described below under “Anti-dilution Provisions.”

Dividends - The Series A Preferred will carry an annual 8% cumulative dividend, payable upon any liquidation, dissolution or winding up of the Company (the “Accruing Dividend”). For any other dividends or distributions, participation with Common Stock on an as-converted basis.

Liquidation - In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid in the following priority:

First, to the Series A Preferred in proportion to each holder’s respective pro rata Series A Original Purchase Price, plus any pro rata share of the Accruing Dividend until the entire Series A Original Purchase Price and Accruing Dividend are paid;

Second, to the Series Seed Preferred in proportion to each holder’s respective pro rata Series Seed Original Purchase Price until the entire amount of the Series Seed Original Purchase Price is paid;

Thereafter, the Series A Preferred and Series Seed Preferred participate with the Common Stock pro rata on an as-converted basis.

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 (a “Deemed Liquidation Event”), thereby triggering payment of the liquidation preferences described.

Anti-dilution Provisions - The Series A Preferred have full-ratchet anti-dilution protection so that the conversion price will be reduced to 80% of the price at which any future shares are issued, if less than the Series A Original Purchase Price.

In consideration for shareholders to make an additional investment in the Company, upon the purchase of the Series A Preferred stock by the shareholder, the Company converted the existing common shares held by shareholders to Series Seed Preferred Stock at a $100 million valuation and at a 120% share premium. As of March 31, 2023 and December 31, 2022, there were 97,702 common shares converted into 115,477 shares of Series Seed Preferred shares that have no par value and are outstanding.

12. Stock Options and Awards

The following is a summary of stock option activity for the periods ended March 31, 2023 and December 31, 2022:

	Number of Options	Weighted Avg. Remaining Contractual Life (in years)	Weighted Avg. Exercise Price	Aggregate Intrinsic Value
Outstanding as of January 31, 2022	1,319,394	5.78	$ 6.94	$ —
Granted	—			
Forfeited	—			
Cancelled/Expired	—			
Exercised	—			
Outstanding as of December 31, 2022	1,319,394	4.78	$ 6.94	$ —
Granted	—			
Forfeited	—			
Cancelled/Expired	—			
Exercised	—			
Outstanding as of March 31, 2023	1,319,394	4.55	$ 6.94	$ —
Vested and Exercisable as of March 31, 2023	1,319,394	4.55	$ 6.94	$ —

Stock-based compensation expense is classified in the Company's statements of operations as general and administrative expense. The amounts were $0 and $11,994 for periods ended March 31, 2023 and 2022, respectively. As of March 31, 2023, there was $0 of total unrecognized compensation expense related to unvested options granted under the Company's share-based compensation plans.

13. Warrant Liabilities

The Company has evaluated financial instruments arising from an adjustable exercise price for warrants that are issued and outstanding as of March 31, 2023 and December 31, 2022.

The Company utilizes a Monte Carlo simulation model for warrants that have an option to convert at a variable number of shares to compute the fair value of the warrant liabilities and to mark to market the fair value of the warrant liabilities at each balance sheet date. The inputs utilized in the application of the Monte Carlo model included a starting stock price of $9.20 per share, an expected remaining term of each warrant as of the valuation date, estimated volatility of 80%, drift, and a risk-free rate ranging from 4.00% to 4.06%.

Risk-free interest rate: The Company uses the risk-free interest rate of a U.S. Treasury Note adjusted to be on a continuous return basis to align with the Black-Scholes option-pricing model.

Dividend yield: The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

Volatility: The Company calculates the expected volatility based on comparable company's historical stock prices with a look back period commensurate with the period to maturity.

Expected term: The Company's remaining term is based on the remaining contractual maturity of the warrants.

The following are the changes in the warrant liabilities during the year ended March 31, 2023 and December 31, 2022.

	Level 1	Level 2	Level 3
Warrant liabilities as of January 1, 2022	$ —	$ —	$ 32,102
Addition	—	—	2,808,331
Changes in fair value of warrant liabilities	—	—	(606,049)
Warrant liabilities as of January 1, 2023	—	—	2,234,384
Addition	—	—	1,541,955
Changes in fair value of warrant liabilities	—	—	(234,807)
Warrant liabilities as of March 31, 2023	$ —	$ —	$ 3,541,532

14. Derivative Liabilities

The Company has identified derivative instruments arising from the conversion shares discussed in the Convertible Notes section of note 6 as of March 31, 2023 and December 31, 2022.

The Company utilizes a Monte Carlo simulation model for commitment shares that have an option to convert at a variable number of shares to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The inputs utilized in the application of the Monte Carlo model included a starting stock price of $9.20 per share, an expected remaining term of each warrant as of the valuation date, estimated volatility of 80%, drift, and a risk-free rate ranging from 4.00% to 4.73%.

Risk-free interest rate: The Company uses the risk-free interest rate of a U.S. Treasury Note adjusted to be on a continuous return basis to align with the Black-Scholes option-pricing model.

Dividend yield: The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

Volatility: The Company calculates the expected volatility based on comparable company’s historical stock prices with a look back period commensurate with the period to maturity.

Expected term: The Company’s remaining term is based on the remaining contractual maturity of the warrants.

The following are the changes in the warrant liabilities during the year ended March 31, 2023 and December 31, 2022.

	Level 1	Level 2	Level 3
Derivative liabilities as of January 1, 2022	$ —	$ —	$ —
Addition	—	—	2,449,689
Changes in fair value of Derivative liabilities	—	—	(713,989)
Derivative liabilities as of January 1, 2023	—	—	1,735,700
Addition	—	—	1,532,725
Changes in fair value of Derivative liabilities	—	—	(191,297)
Extinguishment of Derivative liabilities			(1,129,498)
Derivative liabilities as of March 31, 2023	$ —	$ —	$ 1,947,630

15. Retirement Plan

The Company sponsors a 401(k)-retirement plan for its employees. Employees are eligible to participate in the elective deferral portion of the plan after twelve months and 1,000 hours of service. The Company matches the employee's contribution up to 3%. The Company can also make an optional profit-sharing contribution to the employee accounts on an annual basis. There was an expense of $4,981 and $3,144 for three months ended March 31, 2023 and 2022, respectively.

16. **Commitments and Contingencies**

Manufacturing Services Agreement

On August 21, 2020, the Company entered into a Manufacturing Services Agreement (MSA) for the manufacture and supply of the Company's IB-STIM device based upon the Company's product specifications as set forth in the MSA. This agreement terminated any prior manufacturing agreements.

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 MSA is initiated by orders issued by the Company and accepted by the manufacturer.

The term of the MSA is 24 months and shall automatically renew for renewal terms of twelve months unless either party provides a written termination notice to the other party within 180 days prior to the end of the then-current term.

Trademark Agreement

On July 11, 2022, the Company entered into an agreement for a trademark related to the Company's name. An initial payment of $10,000 was paid upon execution of the agreement. A second and final payment of $40,000 is contingent upon the completion of the Company's planned initial public offering. The second payment has not been recorded in these financial statements.

Executive Employment Agreements

The Company, as authorized by the board of directors, entered into employment agreements with nine key 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 2 to 5 years and optional one-year renewals.

The total base salaries for the nine key employees in the agreements are $1.92 million per year with various provisions for annual increases. In addition to base salaries, eight of the employees have a provision for a special one-time incentive payment to be paid in a lump sum after the start date. The total amount of these special incentive payments is $1.11 million. The special incentive payment amount includes any accrued backpay wages for the employee. That accrued amount for backpay was $417,390 and has been recorded and is reflected in the financial statements at March 31, 2023.

There are seven key employees that have stock options of the Company totaling 2,477,424 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 public offering (IPO). 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 Company has recorded the backpay portion of the incentive bonus noted above. The balance of the incentive bonuses of $694,056 and the special options bonuses of $14.82 million that are contingent upon a successful IPO have not been recorded.

Litigation

From time to time in the normal course of our business operations, we may become subject to litigation that may result in liability material to our financial condition as a whole or may negatively affect our operating results if changes to our business operations are required. The cost to defend such litigation may be significant and may require a significant diversion of our resources, and there is no guarantee that we will be able to successfully defend against any such litigation regardless of particular merits. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. Insurance may not be available on favorable terms, at all, or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims could adversely affect our business, financial condition and the results of our operations.

On February 6, 2019, plaintiff Ritu Bharnbhani, 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 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 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. The Company filed a motion to dismiss. On January 4, 2023, the Court issued an order that stated it was deferring a ruling on the motion to dismiss the appeal and that it would address those arguments at the same time that it addressed the substantive merits of the case. As of May 5, 2023, the parties have submitted their appellate briefs to the Fourth Circuit. No date has been set for either oral argument or for issuance of a decision by the court. While it is too early to predict the ultimate outcome of this matter, we continue to believe we have meritorious defenses, that the dismissal of the Complaint should be upheld, and intend to continue to defend this matter vigorously.

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 has filed a motion to dismiss all claims, but no ruling has been issued. No date had been established for the court to rule on that motion. While it is too early to predict the ultimate outcome of this matter, we believe we have meritorious defenses and intend to defend this matter vigorously.

On May 26, 2023, we received notice from the Court that it had entered an Order and a Memorandum Opinion to rule upon the Company's motion to dismiss. The Order and Memorandum Opinion are dated May 25, 2023. Substantively, the Order and Memorandum Opinion dismiss, with prejudice, the plaintiffs' attempt to assert Racketeering Influenced and Corrupt Organizations statutory claims. The Court further ruled that the remaining claims are permitted to proceed. No trial date or other pretrial deadlines have been scheduled for this case.

17. Health Benefit Plan

The Company entered into a self-funded program employer agreement in 2018 in conjunction with a group health plan for the benefit of eligible employees. This plan is a level funded plan, and the services and products include:

- A self-funded employer health benefit plan.
- Stop loss insurance purchased from a stop loss insurance company.
- Third party administrator to provide administrative services with regard to the plan.

The Company maintains a stop loss contract that reimburses the Company for claims paid under the plan if they exceed a predetermined level. The Company makes contributions for health care costs and associated expenses that are expected during the plan year. The amount of contributions is determined annually based on the Company's maximum liability for expected claims, administrative expenses, and premiums for the stop loss policy. The Company paid premiums of $196,929 and $158,831 for the periods ended March 31, 2023 and 2022, respectively.

The Company is responsible for the monthly premiums, as established, and nothing further. The stop loss policy covers the claims if they exceed the claims funds. After a certain time, and if there is a surplus in the claims fund, the Company may be entitled to receive a 48.5% refund from the fund. This amount is recognized by the Company when received.

18. Subsequent Events

The Company evaluated subsequent events through the date of issuance. The following changes occurred subsequent to March 31, 2023:

Additional Borrowing – The Company borrowed additional funds subsequent to March 31, 2023, and up through the date of this report.

From April 12, 2023 to May 15, 2023 the Company conducted multiple closings of a private placement offering to accredited investors for aggregate gross proceeds of $844,444 or net proceeds of $760,000.

The notes consisted of (a) a Convertible Promissory Note that accrues interest at 12% that can be paid in cash or PIK. The notes automatically convert into common shares at a 30% discount to the IPO. The notes mature on the sooner of the six-month anniversary date from issuance or a successful IPO on primary exchange in the U.S. (b) a five-year warrant to purchase common stock equal to fifty percent (50%) of the shares into which the 2023 Convertible Notes can be converted into at issuance. The warrants have a strike price at a 25% premium to the Conversion Price subject to anti-dilution, issuable on a pro rata basis at each funding.

As facilitators to the notes Alexander Capital, L.P. will receive certain fees. Alexander Capital, L.P. has and will continue to receive (i) a cash commission of ten percent (10%) of the proceeds raised in the Offering from Investors introduced to the Company by the Placement Agent; (ii) the granting to the Placement Agent of a warrant for the purchase of a number of shares of Common Stock equal to 6% of the number of Underlying Securities; and (iii) the other matters set forth in the engagement letter between the Company and the Placement Agent dated April 13, 2022. At the close of the round, Alexander Capital, L.P., has received $468,250 and 68,467 warrants.

Employment Agreements – 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 public offering (IPO). 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. See executive employment agreements in the commitments and contingency footnote.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Neuraxis, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Neuraxis, Inc. (the Company) as of December 31, 2022, and 2021, and the related statements of operations, stockholders' equity (deficit), and cash flows for each of the years then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has experienced operating losses and negative cash flows from operations since inception that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Rosenberg Rich Baker Berman P.A.

We have served as the Company's auditor since 2022.

Somerset, New Jersey

June 1, 2023

Neuraxis, Inc.
Balance Sheet

	December 31,	
	2022	**2021**
Assets		
Current Assets:		
Cash and cash equivalents	**$ 253,699**	$ 320,858
Accounts receivable, net	**174,399**	115,301
Inventories	**48,133**	39,180
Prepaids and other current assets	**726**	15,670
Total current assets	**476,957**	491,009
Property and Equipment, at cost:	**405,845**	404,455
Less - accumulated depreciation	**(317,834)**	(286,913)
Property and equipment, net	**88,011**	117,542
Other Assets:		
Deferred offering costs	**736,736**	—
Operating lease right of use asset, net	**101,382**	127,975
Intangible assets, net	**77,558**	23,956
Total Assets	**$ 1,480,644**	$ 760,482

Notes to financial statements are an integral part of these statements

Neuraxis, Inc.
Balance Sheet

	December 31,	
	2022	**2021**
Liabilities		
Current Liabilities:		
Accounts payable	**$ 1,592,116**	$ 483,790
Accrued expenses	**834,062**	561,638
Current portion of long-term notes payable	**202,834**	192,356
Current portion of operating lease payable	**33,395**	27,582
Notes payable - related party	**58,051**	58,051
Notes payable - convertible notes, net of unamortized discount of $3,327,213 and $0 as December 31, 2022 and 2021	**228,342**	—
Customer deposits	**59,174**	69,337
Derivative liabilities	**1,735,700**	—
Warrant liabilities	**2,234,384**	32,102
Total current liabilities	**6,978,058**	1,424,856
Non-current Liabilities:		
Operating lease payable, net of current portion	76,199	109,594
Note payable, net of current portion	—	51,692
Total non-current liabilities	**76,199**	161,286
Total liabilities	**7,054,257**	1,586,142
Commitments and contingencies (see note 16)		
Stockholders' Equity (Deficit)		
Convertible Series A Preferred stock, $0.001 par value; 1,000,000 shares authorized; 506,637 issued and outstanding as of December 31, 2022 and 2021	**507**	507
Convertible Series Seed Preferred Stock, $0.001 par value; 120,000 shares authorized; 115,477 issued and outstanding as of December 31, 2022 and 2021	**115**	115
Common stock, $0.001 par value; 100,000,000 shares authorized; 1,963,322 and 1,928,004 issued and outstanding as of December 31, 2022 and 2021	**1,963**	1,928
Additional paid in capital	**28,355,230**	28,323,157
Accumulated deficit	**(33,931,428)**	(29,151,367)
Total stockholders' equity (deficit)	**(5,573,613)**	(825,660)
Total Liabilities and Stockholders' Equity (Deficit)	**$ 1,480,644**	$ 760,482

Notes to financial statements are an integral part of these statements

Neuraxis, Inc.
Statements of Operations

	For the Years Ended December 31,	
	2022	**2021**
Net Sales	**$ 2,684,735**	$ 2,721,286
Cost of Goods Sold	**297,060**	467,656
Gross Profit	**2,387,675**	2,253,630
Selling Expenses	**410,883**	455,879
Research and Development	**225,610**	203,414
General and Administrative	**5,123,420**	4,564,371
Operating Loss	**(3,372,238)**	(2,970,034)
Other Income (Expense):		
Financing charges	**(2,322,216)**	—
Interest expense	**(318,666)**	(36,928)
Change in fair value of warrant liability	**606,049**	(29,342)
Change in fair value of derivative liability	**713,989**	—
Amortization of debt discount and issuance cost	**(98,935)**	—
Other income	**11,956**	8,272
Total other income (expense), net	**(1,407,823)**	(57,998)
Net Loss	**$ (4,780,061)**	$ (3,028,032)
Per-share Data		
Basic and diluted loss per share	**$ (2.77)**	$ (1.92)
Weighted Average Shares Outstanding		
Basic and diluted	**2,003,322**	1,968,004

Notes to financial statements are an integral part of these statements

Neuraxis, Inc.
Statements of Stockholders' Equity (Deficit)

For the Years Ended December 31, 2022, and 2021

	Convertible Series A Preferred Stock		Convertible Series Seed Preferred Stock		Common Stock		Additional Paid In	Accumulated	Stockholder's Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	(Deficit)
Balance, January 1, 2021	479,612	$ 480	115,477	$ 115	1,928,004	$ 1,928	$ 27,764,539	$ (26,123,335)	$ 1,643,727
Stock based compensation	—	—	—	—	—	—	48,641	—	48,641
Sale of Convertible Series A Preferred Stock	27,025	27	—	—	—	—	509,977	—	510,004
Net loss for the year ended December 31, 2021	—	—	—	—	—	—	—	(3,028,032)	(3,028,032)
Balance, December 31, 2021	506,637	$ 507	115,477	$ 115	1,928,004	$ 1,928	$ 28,323,157	$ (29,151,367)	$ (825,660)
Stock based compensation	**—**	**—**	**—**	**—**	**—**	**—**	**27,319**	**—**	**27,319**
Common stock commitment shares from convertible notes	**—**	**—**	**—**	**—**	**35,318**	**35**	**4,754**	**—**	**4,789**
Net loss for the year ended December 31, 2022	—	—	—	—	—	—	—	**(4,780,061)**	**(4,780,061)**
Balance, December 31, 2022	**506,637**	**$ 507**	**115,477**	**$ 115**	**1,963,322**	**$ 1,963**	**$ 28,355,230**	**$ (33,931,428)**	**$ (5,573,613)**

Notes to financial statements are an integral part of these statements

Neuraxis, Inc.
Statements of Cash Flows

	For the Years Ended September 30,	
	2022	**2021**
Cash Flows from Operating Activities		
Net Loss	**$ (4,780,061)**	$ (3,028,032)
Adjustments to reconcile net loss to net cash used by operating activities:		
Amortization of debt discount and issuance cost	**98,935**	—
Depreciation and amortization	**37,133**	36,708
Provisions for losses on accounts receivable	**19,505**	11,770
Non-cash lease expense	**26,593**	22,811
Stock based compensation	**27,319**	48,641
Finance charges	**2,322,216**	—
Change in fair value of derivative liabilities	**(713,989)**	—
Change in fair value of warrant liabilities	**(606,049)**	29,342
Changes in operating assets and liabilities:		
Accounts receivable	**(78,603)**	184,258
Inventory	**(8,953)**	67,666
Prepaids and other current assets	**14,944**	132,619
Accounts payable	**1,108,326**	319,232
Accrued expenses	**272,425**	(105,367)
Customer deposits	**(10,163)**	69,337
Operating lease liability	**(27,582)**	(23,311)
Net cash used by operating activities	**(2,298,004)**	(2,234,326)
Cash Flows from Investing Activities		
Additions to property and equipment	**(1,390)**	(1,390)
Additions to intangible assets	**(59,815)**	—
Net cash used by investing activities	**(61,205)**	(1,390)
Cash Flows from Financing Activities		
Proceeds from sale of convertible Series A Preferred Stock	**—**	510,004
Principal payments on notes payable	**(163,214)**	(98,905)
Proceeds from notes payable	**122,000**	250,000
Proceeds from convertible notes	**3,070,000**	—
Offering Costs Paid	**(736,736)**	—
Net cash provided by financing activities	**2,292,050**	661,099
Net Decrease in Cash and Cash Equivalents	**(67,159)**	(1,574,617)
Cash and Cash Equivalents at Beginning of Period	**320,858**	1,895,475
Cash and Cash Equivalents at End of Period	**$ 253,699**	$ 320,858
Supplemental Disclosure of Non-cash Cash Activities		
Cash paid for interest	**$ 202,781**	$ 31,631
Cash paid for income taxes	**—**	—
Supplemental Schedule of Non-cash Investing and Financing Activities		
Fair value of warrant liabilities of warrants from convertible notes	**$ 2,808,331**	$ —
Fair value of derivative liabilities of conversion feature from convertible notes	**2,449,689**	—
Relative fair value of shares issued with convertible notes	**4,789**	—

Notes to financial statements are an integral part of these statements

Neuraxis, Inc.
Notes to 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 on April 17, 2012, under the name of Innovative Health Solutions, Inc. The name was changed to Neuraxis, Inc. in March of 2022. Additionally, the Company filed a Certificate of Conversion to become a Delaware corporation on June 23, 2022. The authorized shares were increased, and a par value established.

On September 7, 2021, the Company's board of directors authorized a 4-for-1 stock split. They also increased the number of authorized common stock shares from 2,700,000 to 10,800,000. Furthermore, on September 9, 2021, the board authorized an increase of authorized shares of common stock from 10,800,000 to 13,400,000 in anticipation of a capital offering. Furthermore, on January 10, 2023, the Company's board of directors authorized a 1-for-2 reverse stock split. All per share information has been adjusted for this reverse stock split. The reverse split became effective on January 12, 2023. All share and per share amounts for the common stock have been retroactively restated to give effect to the splits. See Subsequent Events footnote.

As part of the conversion to a Delaware corporation, the total number of shares of all classes of stock which the Corporation shall have authority to issue is (1) 100,000,000 shares of Common Stock, par value $0.001 per share ("Common Stock") and (ii) 1,120,000 shares of Preferred Stock, par value $0.001 per share ("Preferred Stock"), 1,000,000 of which is hereby designated as "Series A Preferred Stock" and 120,000 of which is hereby designated as "Series Seed Preferred Stock" with the rights, preferences, powers, privileges and restrictions, qualifications and limitations set forth in this Article IV of the Delaware Certificate of Incorporation. All share amounts have been retroactively restated to give effect to these changes.

The Company is headquartered in Versailles, Indiana. The Company specializes in the development, production, and sale of medical neuromodulation devices.

The Company has developed three FDA cleared products, the IB-STIM (DEN180057, 2019), the NSS-2 Bridge (DEN170018, 2017), and the original 510(K) clearance (K140530, 2014).

- The IB-STIM is a percutaneous electrical nerve field stimulator (PENFS) device that is indicated in patients 11-18 years of age with functional abdominal pain associated with irritable bowel syndrome. The IB-STIM currently is the only product marketed and sold by the Company.

- The NSS-2 Bridge is a percutaneous nerve field stimulator (PNFS) device indicated for use in the reduction of the symptoms of opioid withdrawal. The NSS-2 Bridge device was licensed to Masimo Corporation in April 2020, and the Company received a one-time licensing fee of $250,000 from Masimo. Masimo markets and sells this product as its Masimo Bridge, and the Company will not receive any further licensing payments or other revenue from this product.

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

2. Summary of Significant Accounting Policies

The summary of significant accounting policies of Neuraxis, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America ("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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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 doubtful accounts, stock-based compensation, income tax provisions, excess and obsolete inventory reserve, and impairment of intellectual property. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company did not hold any cash equivalents as of December 31, 2022 and 2021.

Trade Accounts Receivable

Trade accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Interest is not charged on past due customer accounts.

Allowance for Doubtful Accounts

Trade accounts receivable are stated net of an allowance for doubtful accounts. We estimate allowance for doubtful accounts by evaluating specific accounts where information indicates our customers may have an inability to meet financial obligations, such as customer payment history, credit worthiness and receivable amounts outstanding for an extended period beyond contractual terms. We use assumptions and judgment, based on the best available facts and circumstances, to record an allowance to reduce the receivable to the amount expected to be collected. The allowance for doubtful accounts was $31,275 and $11,770 at December 31, 2022 and December 31, 2021, respectively. During the years ended December 31, 2022 and 2021, the Company recorded $64,197 and $11,770, respectively as a bad debt expense.

Customer Deposits

Customer deposits consists of billings and payments from clients in advance of revenue recognition. The Company will recognize the customer deposits over the next year. As of December 31, 2022, and 2021, the Company had customer deposits of $59,174 and $69,337, respectively.

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. For the years ended December 31, 2022 and 2021, $10,026 and $48,488 were expensed as expired inventory, respectively.

Deferred Offering Costs

Deferred offering costs consist of costs incurred in connection with the preparation of an initial public offering. These costs, together with the underwriting discounts and commissions, will be charged to additional paid in capital upon completion of the proposed public offering or charged to operations if the proposed public offering is not completed. As of December 31, 2022 and 2021, the Company had deferred offering costs of $736,736 and $0, respectively.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Depreciation is calculated using the following estimated useful lives:

Classification	Years
L Leasehold Improvements	10-20
Machinery and Equipment	7-10
Furniture and Fixtures	5-10

Depreciation expense was $30,920 and $34,767 during the years ended December 31, 2022 and 2021, respectively.

Research and Development

Costs for research and development are expensed as incurred. Research and development expenses consist primarily of clinical research studies, and new product development.

Intangible Assets

Intangible assets consist of patents and a trademark. Patents are stated at their historical cost and amortized on a straight-line basis over their expected useful lives. Capitalized patent costs, net of accumulated amortization, includes legal costs incurred for patent applications. In accordance with ASC 350, once a patent is granted, we amortize the capitalized patent costs over the remaining life of the patent using the straight-line method. If the patent is not granted, we write-off any capitalized patent costs at that time.

The Company entered into an agreement for a trademark related to the Company's name on July 11, 2022. The agreement called for an initial payment of $10,000 upon execution of the agreement. A second and final payment of $40,000 is contingent upon the completion of the Company's planned initial public offering. The second payment has not been recorded in these financial statements. The trademark does not have a determinate life and therefore the cost is not being amortized. See Note 16 Commitments and Contingencies.

We review intangible assets for impairment annually or when events or circumstances indicate that their carrying amount may not be recoverable. During the years ended December 31, 2022 and 2021, the Company recorded no impairment charges for intangible assets.

Amortization expense was $6,213 and $1,941 during the years ended December 31, 2022 and 2021, respectively.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Company's financial statements and tax returns. Deferred tax assets and liabilities are determined based upon the differences between the financial statement carrying amounts, and the tax bases of existing assets and liabilities for the loss and credit carryforwards using enacted tax rates expected to be in effect in the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that these assets may not be realized. The Company determines whether a tax position will be sustained upon examination. If it is not more likely than not that a position will be sustained, none of the benefit attributable to the position is recognized. The tax benefit to be recognized for any tax position that meets the more likely than not recognition threshold is calculated as the largest amount that is more than 50% likely of being realized upon resolution of the contingency. The Company accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes.

Based on the results of management's evaluation, adoption of the rules did not have a material effect on the Company's financial statements. Further, no interest or penalties have been accrued or charged to expense as of December 31, 2022 and 2021 and for the years then ended.

The Company's income tax returns are subject to examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax return have a three-year statute of limitations. As of December 31, 2022, the following tax years are subject to examination:

Jurisdiction	Open Years for Filed Returns	Return to File in 2023
Federal	2019 – 2021	2022
Various States	2019 – 2021	2022

Advertising Cost

Advertising costs are expensed as incurred and amounted to $14,900 and $34,316 for the years ended December 31, 2022 and 2021, respectively.

Derivative Liabilities

The Company accounts for derivative financial instruments as either equity or liabilities in accordance with ASC Topic 815, *Derivatives and Hedging*, or ASC 815, based on the characteristics and provisions of each instrument. Embedded derivatives are required to be bifurcated from the host instruments and recorded at fair value if the derivatives are not clearly and closely related to the host instruments on the date of issuance. Derivative instrument liabilities are classified in the balance sheets as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Warrant Liabilities

Management evaluates all of the Company's financial instruments, including issued Warrants to purchase its Class A common stock, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480 and ASC 815-15. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

The Company utilizes a Monte Carlo simulation model for warrants that have an option to convert at a variable number of shares to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The inputs utilized in the application of the Monte Carlo model included a starting stock price, an expected remaining term of each warrant as of the valuation date, estimated volatility, drift, and a risk-free rate. The Company records the change in the fair value of the derivative as other income or expense in the statements of operations.

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 assets/liabilities include cash, accounts receivable, accounts payable, prepaids, and other current assets. Management believes the estimated fair value of these accounts on December 31, 2022 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 assets/liabilities include derivative and 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. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

The following tables provides a summary of the relevant assets and liabilities that are measured at fair value on recurring basis:

	Fair Value Measurements as of December 31, 2022			
	Total	**(Level 1)**	**(Level 2)**	**(Level 3)**
Liabilities:				
Warrant liabilities	$ 2,234,384	$ —	$ —	$ 2,234,384
Derivative liabilities	$ 1,735,700	$ —	$ —	$ 1,735,700
Total Liabilities	$ 3,970,084	$ —	$ —	$ 3,970,084

	Fair Value Measurements as of December 31, 2021			
	Total	**(Level 1)**	**(Level 2)**	**(Level 3)**
Liabilities:				
Warrant liabilities	$ 32,102	$ —	$ —	$ 32,102
Total Liabilities	$ 32,102	$ —	$ —	$ 32,102

The following table shows the valuation methodology and unobservable inputs for Level 3 assets and liabilities measured at fair value on recurring basis as of December 31, 2022 and December 31, 2021:

	Fair Value As of December 31 2022	**Fair Value As of December 31 2021**	**Valuation Methodology**	**Unobservable Inputs**
Warrant liabilities	$ 2,234,384	$ 32,102	Monte Carlo model	Future value of the Company's common stock; probability and timing of a potential equity offering.
Derivative liabilities	$ 1,735,700	$ —	Monte Carlo model	Future value of the Company's common stock; probability and timing of a potential equity offering.

There were no transfers between any of the levels during the years ended December 31, 2022 and 2021. In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company's assets and liabilities are also subject to nonrecurring fair value measurements. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges.

Basic and Diluted Net Income (Loss) per Share

Earnings or loss per share ("EPS") is computed by dividing net income (loss), net of preferred stock dividends, by the weighted average number of shares of common stock outstanding during the period. Basic weighted average shares for the year ended December 31, 2022 include 40,000 vested warrants to purchase common shares. As the shares underlying these warrants can be purchased for little to no consideration ($0.01 per share exercise price), they are included in the computation of basic earnings per share. Diluted EPS is computed by dividing net income (loss) by the weighted average of all potentially dilutive shares of common stock that were outstanding during the periods presented. Preferred stock dividends (not declared or paid) were $2,190,102 and $1,425,209 as of December 31, 2022 and 2021, respectively.

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, which is the case for December 31, 2022 and 2021 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 at December 31, 2022 and 2021:

	2022	2021
Convertible Series A Preferred Stock	1,013,270	1,013,270
Convertible Series Seed Preferred Stock	230,954	230,954
Options	1,319,394	1,319,394
Pre-Funded Warrants for Convertible Series A Preferred Stock	289,779	289,779
Warrants	365,962	12,852
Convertible Bridge Debt	376,653	—
Totals	3,596,012	2,866,249

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

	For the Years Ended December 31,	
	2022	**2021**
Numerator		
Net loss	$ (4,780,061)	(3,028,032)
Preferred stock dividends	(764,893)	(748,832)
	(5,544,954)	(3,776,864)
Denominator		
Weighted-average shares of common stock outstanding - basic and diluted	2,003,322	1,968,004
Basic and diluted net loss per share	$ (2.77)	$ (1.92)

Stock-Based Compensation

The Company accounts for all stock-based payments and awards under the fair value-based method. 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 an actual forfeiture of a stock option.

The Company accounts for the granting of stock options 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 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.

Stock-based payments 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

Neuraxis, Inc. specializes in the development, production, and sale of medical neuromodulation devices to healthcare providers primarily located in the United States. Patented and trademarked neuromodulation devices is the Company’s major product line. Products are generally transferred at a point in time (rather than over time). Essentially all the Company’s revenue is generated from purchase order contracts.

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, 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 of 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 estimates credit losses on accounts receivable by estimating expected credit losses over the contractual term of the receivable using a discounted cash flow method. When developing this estimate of expected credit losses, the Company considers all available information (past, current, and future) relevant to assessing the collectability of cash flows.

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.

The following table disaggregates the Company's revenue based on the customer's location by state for the periods ended December 31:

	2022	2021
Wisconsin	**$ 670,245**	$ 665,157
Ohio	**500,260**	462,350
California	**408,645**	549,466
Florida	**231,480**	117,670
Missouri	**174,980**	96,795
All other states	**699,125**	829,848
	$ 2,684,735	$ 2,721,286

The following economic factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows as indicated:

Type of customer: Based on dollar amounts of revenue, essentially all of the goods sold by the Company are sold to healthcare customers including hospitals and clinics. Sales to healthcare customers lack seasonality and have a mild correlation with economic cycles.

Geographical location of customers: Sales to customers located within the United States represent essentially all of the Company's sales.

Type of contract: Sales contracts consist of purchase order contracts that tend to be short-term (i.e., less than or equal to one year in duration).

The opening and closing balances of trade receivables, contract assets, and contract liabilities from contracts with customers are as follows:

	Trade Receivables	Contract Assets	Contract Liabilities
Balance 1/1/2021	$ 311,329	$ 0	$ 0
Balance 12/31/21 and 1/1/2022	$ 115,301	$ 0	$ 0
Balance 12/31/2022	$ 174,399	$ 0	$ 0

Company's Performance Obligations with Customers:

Timing of Satisfaction

The Company typically satisfies its performance obligations as the goods are delivered.

Goods that are shipped to customers are typically shipped FOB shipping point with freight prepaid by the Company. As such, ownership of goods in transit transfer to the customer when shipped and the customer bears the associated risks (e.g., loss, damage, delay). In some cases, a customer will take delivery directly from the Company's inventory (i.e., consigned inventory), at which point ownership and the associated risks pass to the customer at that time.

Shipping and handling costs are recorded as general and administrative expenses in the Statement of Operations.

Significant Payment Terms

Payment for goods sold by the Company is typically due after an invoice is sent to the customer, within 30 days. However, other payment terms are frequently negotiated with customers ranging from due upon receipt to due within 90 days. Some payment terms may call for payment only after the healthcare provider receives their insurance reimbursement. Invoices for goods are typically sent to customers within three calendar days of shipment. 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.

Nature

Medical devices that the Company contracts to sell and transfer to customers are manufactured by one specific third-party manufacturer. The manufacturer is located within the state of Indiana. 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).

Returns, Refunds, etc.

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. Historically, returns have been immaterial, and the Company currently does not provide a provision for this liability.

Warranties

In most cases, goods that customers purchase from the Company are covered by manufacturers' warranties. The Company does not sell warranties separately.

The manufacturer guarantees the product for the period up to the expiration date printed on the device's label or twelve months from the date of purchase, whichever comes first. The guarantee applies to flaws of material and workmanship. The Company's warranties provide customers with assurance that purchased devices comply with published specifications, inspection standards, and workmanship. At the time revenue is recognized, the Company estimates the cost of expected future warranty claims but does not exclude any amounts from revenue. The Company maintains appropriate accounts to reflect the effects of expected future warranty claims on the Company's financial position and periodically adjusts those accounts to reflect its actual warranty claim experience. Historically, warranty claims have been immaterial, and the Company currently does not provide a provision for this liability.

The Company typically satisfies its performance obligations for goods at a point in time. In most cases, goods are shipped by common carrier to customers under "FOB Shipping Point" terms. As such, customers typically obtain control of the goods upon shipment. The Company's management exercises judgment in determining when performance obligations for goods have been satisfied. In making such judgments, management typically relies on shipping information obtained from common carriers to evaluate when the customer has obtained control of the goods.

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.

Leases

Effective January 1, 2021, the Company adopted Accounting Standards Updated ("ASU") No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02" or "ASC 842"), using the full retrospective method, the cumulative effect of the accounting change is recognized as an adjustment to the opening balance of retained earnings in the first comparative period presented. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and current and non-current lease liabilities, as applicable.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. Certain adjustments to the right-of-use asset may be required for items such as incentives received. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate to discount lease payments, which reflects the fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. Prospectively, the Company will adjust the right-of-use assets for straight-line rent expense, or any incentives received and remeasure the lease liability at the net present value using the same incremental borrowing rate that was in effect as of the lease commencement or transition date. The Company has elected not to recognize leases with an original term of one year or less on the balance sheet. The Company typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew.

Assumptions made by the Company at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right of use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right of use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

Entities may elect not to separate lease and non-lease components. The Company has elected to account for lease and non-lease components together as a single lease component for all underlying assets and allocate all the contract consideration to the lease component only.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable, we compare the carrying amount of the asset group to future undiscounted net cash flows, excluding interest costs, expected to be generated by the asset group and their ultimate disposition. If the sum of the undiscounted cash flows is less than the carrying value, the impairment to be recognized is measured by the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

Concentrations of Credit Risk

The Company's business activity consists of the sale of medical neuromodulation devices to doctors, clinics, and hospitals across the country.

Receivables consist of unsecured amounts due from customers. As of December 31, 2022, accounts receivable from three customers with balances due in excess of 10% of total accounts receivable were approximately 23%, 15%, and 12%, respectively. As of December 31, 2021, accounts receivable from three customers with balances due in excess of 10% of total accounts receivable were 15%, 13%, and 11%, respectively.

The table below sets forth the Company's customers that accounted for greater than 10% of its revenues in one of the periods ended December 31, 2022 and 2021, respectively.

	2022	Percentage of Sales	2021	Percentage of Sales
Hospital A	**$ 554,325**	21%	$ 574,185	21%
Hospital B	**484,900**	18%	444,965	16%
Hospital C	**355,613**	13%	321,964	12%
Hospital D	**148,200**	6%	226,293	8%
	$ 1,543,038	58%	$ 1,567,407	57%

From time to time, the Company's bank balances may exceed the FDIC limit of $250,000; however, management does not feel that this has a material impact on the financial condition. At December 31, 2022 and December 31, 2021, the Company's uninsured cash balances totaled $0 and $20,850, respectively.

Going Concern

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 December 31, 2022, we had an stockholders' deficit of approximately $5.6 million. At December 31, 2022, we had short-term borrowings outstanding, of approximately $489 thousand, net of discounts of $3,327,213. At December 31, 2022 there were no long term borrowings. As of December 31, 2022, we had cash of approximately $104 thousand and a working capital deficit of approximately $6.5 million.

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 end of first quarter 2023 and beyond. Based on our current operating plans, we believe that our existing cash at the time of this filing will only be sufficient to meet our anticipated operating needs through June 2023.

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.

To date, the Company has experienced operating losses and negative cash flows from operations. Management believes that increased sales and acceptance of their product by insurance providers will allow the Company to achieve profitability in the near term.

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, 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 our 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 June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which requires measurement and recognition of expected credit losses for financial assets held and requires enhanced disclosures regarding significant estimates and judgments used in estimating credit losses. In November 2019, the FASB issued ASU 2019-10, Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815) and Leases (Topic 842): Effective Dates, which amends the effective date of ASU 2016-13. Public business entities meeting the definition of an SEC filer, excluding entities eligible to be a Smaller Reporting Company ("SRC") as defined by the SEC, are required to adopt the standard for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All other entities are required to adopt the standard for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company meets the definition of an SRC and therefore the standard will not be effective until the beginning of 2023. The adoption of this guidance did not 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' initial balances were $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 $1,106,807 as of December 31, 2022. The current loan balances are as follows:

December 31, 2022	Loan Receivable	Interest Receivable	Interest Income
Shareholder 1	$ 506,400	$ 47,071	$ 11,523
Shareholder 2	506,400	46,936	11,523
	1,012,800	94,007	23,046
Allowance for Collection Risk	(1,012,800)	(94,007)	(23,046)
Net Balance	$ —	$ —	$ —

December 31, 2021	Loan Receivable	Interest Receivable	Interest Income
Shareholder 1	$ 506,400	$ 35,548	$ 827
Shareholder 2	506,400	35,414	827
	1,012,800	70,962	1,654
Allowance for Collection Risk	(1,012,800)	(70,962)	(1,654)
Net Balance	$ —	$ —	$ —

The Company has loans payable to shareholders related to funding needs for operations. The current loan details for all related party loans are as follows:

December 31, 2022	Due Date	Interest Rate	Loan Balance	Interest & Service Fee Accrued	Interest Paid
Shareholder 1	June, 2019	15.00%	$ 20,051	$ 8,161	$ —
Shareholder 1	June, 2019	15.00%	38,000	23,481	—
Other Convertibles	Various	5.00%	—	66,648	—
Total			$ 58,051	$ 98,290	$ —

December 31, 2021	Due Date	Interest Rate	Loan Balance	Interest & Service Fee Accrued	Interest Paid
Shareholder 2	Demand				
Shareholder 1	June, 2019	0.15%	$ —	$ —	$ 10
Shareholder 1	June, 2019	15.00%	20,051	5,153	—
Shareholder 3	June, 2019	15.00%	38,000	17,781	—
Other Convertibles	Various	15.00%	—	—	4,582
Total		5.00%	—	66,648	—
			$ 58,051	$ 89,582	$ 4,592

The Company's Chief Financial Officer, John Seale, CPA.CITP, is contracted for services through RBSK Partners PC (RBSK). Mr. Seale is RBSK's managing partner and majority shareholder. RBSK is engaged by the Company to provide accounting and tax services on a continuous basis. Fees paid to RBSK for services were $116,542 and $80,394 for the years ended December 31, 2022 and 2021, respectively. The Company owed RBSK for open invoices of $68,142 and $3,386 that are included in accounts payable as of December 31, 2022 and 2021, respectively.

4. Property and Equipment

Property and equipment, net consists of the following:

	December 31,	
	2022	**2021**
Furniture and fixtures	$ 87,148	$ 87,148
Computer hardware	15,452	14,062
Leasehold improvements	21,064	21,064
Machinery and equipment	282,181	282,181
Total property and equipment	405,845	404,455
Less: accumulated depreciation	(317,834)	(286,913)
Property and equipment, net	$ 88,011	$ 117,542

Depreciation expense was $30,920 and $34,767 for the years ended December 31, 2022 and 2021, respectively.

5. Intangible Assets

Intangible assets, net consists of the following:

	December 31,	
	2022	**2021**
Software Implementation	$ 49,815	$ —
Patents	32,463	32,463
Patents	10,000	—
Total intangible assets	92,278	32,463
Less: accumulated amortization	(14,720)	(8,507)
Intangible assets, net	$ 77,558	$ 23,956

Amortization expense was $6,213 and $1,941 for the years ended December 31, 2022 and 2021, respectively.

6. Accrued Expenses

Accrued expenses consisted of the following:

	December 31, 2022	**December 31, 2021**
Wages	$ 523,003	$ 451,974
Employee benefits	16,555	11,734
Commissions	88,259	7,785
Property taxes	777	563
Interest	173,826	66,648
Related party interest	31,642	22,934
Total accrued expenses	$ 834,062	$ 561,638

7. Notes Payable

The Company borrowed $250,000 on December 16, 2021, from Channel Partners Capital. The note calls for 65 weekly payments of $4,923.08 with the final payment scheduled for March 16, 2023. The note's interest rate computes to a nominal rate of 40.856%. The principal outstanding at December 31, 2021 was $244,048. The Company borrowed $122,000 on September 16, 2022 to bring the principal balance back to $250,000. The terms of the note are the same as the previous note with the final payment scheduled for December 16, 2023. The principal outstanding at December 31, 2022 was $202,834. The Company believes that the advancement of additional funds is a minor modification to the terms of the existing loan since the difference in present value of the cash flows under the terms of the new loan is less than 10% of the present value of the remaining cash flows under the terms of the original loan. As a result, the modification was accounted for as a modification of debt.

The lender was granted and assigned a continuing security interest in all the Company's personal property assets including, but not limited to, business equipment, inventory, accounts, accounts receivable, intellectual property, chattel paper, instruments, deposit accounts, commercial tort claims, contract rights, licenses, claims, and general intangibles.

The future minimum principal payments to be paid in 2023 are $202,834.

8. Convertible Notes

During the year ended December 31, 2022, the Company conducted multiple closings of a private placement offering to accredited investors for aggregate gross amount of $3,555,556 and net proceeds of $3,070,000.

The 2022 Convertible Notes signed from June 3, 2022 to November 30, 2022 have aggregate gross amounts of $3,333,333 and net proceeds of $2,870,000 and consisted of (a) a Convertible Promissory Note that accrues interest at the greater of Prime rate plus 8.5% or 12%. The notes convert into common shares at the lower of $9.44 or 30% discount to the price per share of any subsequent offering. The notes mature on the one-year anniversary date from issuance. (b) a five-year warrant to purchase common stock equal to one hundred percent (100%) of the shares into which the 2022 Convertible Notes can be converted into at issuance. The warrants have an exercise price at the lower of $11.80 per share or a 12.5% discount to the price per share of any subsequent offering. (c) shares of the Company's common stock equal to 10% of the principal amount of these notes, at a value per share equal to the conversion price. The 35,318 shares of common stock issued to investors had a relative fair value of $4,789.

As an additional incentive for entering into the Convertible note offering, the Company offered an original issue discount equal to 10% of the principal amount of the notes. The Company also paid $130,000 to law firms related to an expected offering.

The 2022 Convertible Notes signed on December 19, 2022 have aggregate gross proceeds of $200,000 or net proceeds of $222,222 and consisted of an original issue discount of 10% of the principal amount and have an interest rate of 12% per annum. The notes will mature at the earlier of (i) twelve (12) months from the issue date or (ii) the date upon which the Company completes a registered public offering of shares of the Company, which encompasses the closing of this offering. The notes are convertible into shares of common stock at the higher of (i) $9.44 per share, or (ii) the price per share of common stock issued pursuant to the next registered public offering of shares of the Company made prior to the conversion of any portion of the note. Interest accrues on the aggregate principal amount (which includes original issue discount) and is payable on the maturity date, at the Company's election, in cash or in-kind. The holders of the notes are entitled to piggyback registration rights on any registration statement filed by the Company, other than the registration statement of which this prospectus forms a part and any registration filed on Form S-4 or Form S-8. The warrants and conversion shares are subject to anti-dilution adjustments outlined in the Agreement.

The Company has applied ASC 815 and ASC 480, due to the potential for settlement in a variable quantity of shares. Since these convertible notes and warrants have the option to convert or be exercised at a variable amount, they are subject to derivative liability treatment. The conversion feature has been measured at fair value using a Monte Carlo model at the date of issuance and is adjusted to fair value at each reporting period. The fair value of the embedded derivative and the warrant liability at date of issuance was $1,735,700 and $2,234,384, respectively. See notes 13 and 14.

The value of the incentives given to investors totaled $5,748,365. Since the value of the incentives given to investors was in excess of the principal value of the notes, the Company recognized $3,426,149 as debt discount and expensed the remaining $2,322,216 as financing fees. The debt discount is being amortized over the life of these notes. As of December 31, 2022, the Company has amortized $98,935 of the debt discount at effective interest rates ranging from 73.857% to 1411.091%. The remaining balance of $3,324,214 will be amortized over the remaining life of the notes.

During the years ended December 31, 2022, the Company accrued interest of $107,178 included in accrued expenses on the balance sheet.

9. 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 at December 31, 2022 and December 31, 2021.

The Company had three leases primarily consisting of office space in Versailles and Carmel Indiana. Two of the leases in Versailles started January 1, 2017. Both have an initial term of five years with an option for an additional five-year term. The monthly lease payments for these leases are $550 and $1,600 with a 3% per annum increase starting with the optional five-year term. The lease in Carmel started March 1, 2016. The initial term is five years and three months with an option for an additional three-year term. The monthly lease payment started at $1,472 with an annual increase of approximately 2.7%. On December 16, 2020, the Company entered into an amendment of the Carmel lease that extended the initial term by two years.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the implicit interest rate is generally not readily determinable, the Company uses an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The incremental borrowing rate reflects the estimated rate of interest that the Company would pay to borrow on a collateralized basis over a similar economic environment. Lease expense for the operating lease is recognized on a straight-line basis over the lease term.

Leases may include renewal options, and the renewal option is included in the lease term if the Company concludes that it is reasonably certain that the option will be exercised. Certain leases may contain rent escalation clauses, either fixed or adjusted periodically for inflation of market rates, that are factored into the calculation of lease payments to the extent they are fixed and determinable at lease inception. The Company also has variable lease payments that do not depend on a rate or index, primarily for items such as common area maintenance and real estate taxes, which are recorded as expenses when incurred.

For the periods ended December 31, 2022 and 2021, the Company recognized $47,571 and $4,725 of operating lease expense, including short-term lease expense and variable lease costs.

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

	December 31, 2022	December 31, 2021
Operating lease right-of-use assets	**$ 101,382**	$ 127,975
Other current liabilities	**33,395**	27,582
Operating lease liabilities	**76,199**	109,594
	$ 109,594	$ 137,176
Weighted-average remaining lease term (in years)	4.00	5.00
Weighted-average discount rate	15.0%	15.0%

As of December 31, 2022, the maturities of the Company's operating lease liabilities were as follows:

2023	$ 47,606
2024	36,302
2025	28,192
2026	29,038
Total lease payments	141,138
Less: imputed interest	31,544
Total present value of lease payments	$ 109,594

10. Common Stock and Warrants

On September 7, 2021, the Company's board of directors authorized a 4-for-1 stock split. They also increased the number of authorized common stock shares from 2,700,000 to 10,800,000. Furthermore, on September 9, 2021, the board authorized an increase of authorized shares of common stock from 10,800,000 to 13,400,000 in anticipation of a capital offering. As part of the conversion to a Delaware Corporation in June of 2022, the total number of common stock shares authorized was increased to 100,000,000. All share and per share amounts for the common stock have been retroactively restated to give effect to the split.

Furthermore, on January 10, 2023, the Company's board of directors authorized a 2-for-1 reverse stock split. All share information in these financial statements has been adjusted for this reverse stock split.

In connection with a bridge loan, the Company issued a warrant to a shareholder, Brian Hannasch, on September 18, 2018. The warrant allows the holder to purchase common stock from the Company at a share price of $4.38 per share. The number of shares was based on a formula tied to the amount of loans made by the holder. The number of shares based on this formula is 12,852. The warrant contains certain rights in the event of liquidation, merger, or consolidation of the Company. If the fair market value of one share is greater than the warrant price, the holder may elect to receive a number of shares equal to the value of the warrant. If the exercise is in connection with the sale of the Company, the holder may, at its option, condition its exercise of the warrant upon the consummation of such transaction. The warrant expires on September 18, 2028 and can be exercisable either in whole or from time to time in part prior to the expiration date.

The Company issued a second warrant to Brian Hannasch on September 6, 2019, under similar terms. This is a penny warrant that allows the holder to purchase 40,000 shares of common stock and is subject to adjustment for certain equity events. The warrant contains certain rights in the event of liquidation, merger, or consolidation of the Company. The warrant expires on September 6, 2029.

The Company issued a third warrant to Masimo Corporation on April 9, 2020. This warrant was pre-funded in the amount of $2,734,340. The warrant allows the holder to purchase 289,779 shares of Series A Preferred Stock at $9.44 per share and is subject to adjustment for certain equity events. The warrant contains certain rights in the event of liquidation, merger, or consolidation of the Company. There will be no additional purchase price for the Warrants. In the event that all outstanding shares of Series A Preferred Stock are converted, automatically or by action of the holders thereof, into Common Stock, including, without limitation, in connection with the Company's initial, underwritten public offering and sale of its Common Stock pursuant to an effective registration statement under the Act (the "IPO"), then from and after the date on which all outstanding shares of Series A Preferred Stock have been so converted, this Warrant shall be exercisable for such number of shares of Common Stock into which the Warrant Shares would have been converted had the Warrant Shares been outstanding on the date of such conversion, and the Exercise Price shall equal the Exercise Price in effect as of immediately prior to such conversion divided by the number of shares of Common Stock into which one share of Series A Preferred Stock would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

The Company issued 353,110 five-year warrants to purchase common stock equal to one hundred percent (100%) of the shares into which the 2022 convertible notes can be converted into at issuance. The warrants have an exercise price at the lower of $11.80 per share or a 12.5% discount to the price per share of any subsequent offering. The number of Warrant Shares is determined based on the number of the Company's common shares that would be issued upon full conversion of the Note. Initially, this will be calculated based on the first prong of the Conversion Price definition in Section 2.2(a) of the Note ($9.44 per share). If the conversion price is adjusted downwards pursuant to the Note, so that the number of shares issuable upon the full conversion of the Note increases, the number of Warrant Shares will be adjusted accordingly.

The following is a summary of warrant activity for common stock during the periods ended December 31, 2022 and December 31, 2021:

	Number of Warrants for Common Stock	Weighted-Avg. Exercise Price	Weighted-Avg. Remaining Contractual Life
Outstanding as of January 1, 2021	52,852	$ 2.13	8.44
Granted	—	—	—
Cancelled/Expired	—	—	—
Exercised	—	—	—
Outstanding as of December 31, 2021	52,852	$ 2.13	7.44
Granted	353,110	$ 9.44	5.00
Cancelled/Expired	—	—	
Exercised	—	—	
Outstanding as of December 31, 2022	405,962	$ 8.49	4.84

The following is a summary of warrant activity for preferred stock during the periods ended December 31, 2022 and December 31, 2021:

	Number of Warrants for Preferred Stock	Weighted-Avg. Exercise Price
Outstanding as of January 1, 2021	—	$ —
Granted	144,890	0.0001
Cancelled/Expired	—	—
Exercised	—	—
Outstanding as of December 31, 2021	144,890	$ 0.0001
Granted	—	—
Cancelled/Expired	—	—
Exercised	—	—
Outstanding as of December 31, 2022	144,890	$ 0.0001

The following table summarizes the Company's warrants outstanding and exercisable as of December 31, 2022.

	Number of Warrants Outstanding	Exercise Price	Expiration Date
Brian Hannasch W-01	12,852	$ 8.7600	September 18, 2028
Brian Hannasch W-02	40,000	$ 0.0050	September 6, 2029
Masimo Corporation PSA-01	144,890	$ 0.0001	None
Convertible Notes	353,110	$ 9.4400	Various
	550,852		

The Company is a party to two investment banking and advisory agreements with a consulting firm engaged in connection with listing our common stock for trading on Nasdaq. Pursuant to the first advisory agreement, dated March 3, 2022, the Company agreed to pay the consulting firm a monthly consulting fee of $5,000 and a final payment of $50,000 upon a successful Nasdaq listing, and, also upon such listing, to issue the consulting firm shares of our common stock representing 1.5% of our outstanding shares after giving effect to the offering and to issue the consulting firm five-year warrants to purchase shares of our common stock representing 2.0% of our outstanding shares after giving effect to an offering on a fully-diluted basis with an exercise price per share representing the public offering price per share. Pursuant to the second advisory agreement with consulting firm, dated June 20, 2022, and amended December 20, 2022, the Company agreed to pay fees in the aggregate of up to $136,166 for advice in connection with communication and other related matters leading up to, and in connection with an offering, and to issue the consulting firm 25,000 shares of common stock upon a successful Nasdaq listing. The Company agreed to piggyback registration rights with respect to all shares issued to the consulting firm under both advisory agreements, including shares issuable upon exercise of the warrants. The Company evaluated the agreements and determined that the shares will not be recorded and valued until the performance condition is satisfied.

11. Preferred Stock

The Company has authorized 1,120,000 shares of preferred stock of which 1,000,000 has been designated Series A Preferred and 120,000 has been designated Series Seed Preferred, of which 506,637 shares of Series A Preferred and 115,477 shares of Series Seed Preferred are issued and outstanding as of December 31, 2022 and December 31, 2021.

The requisite holder of our outstanding Series A Preferred Stock and Series Seed Preferred Stock have delivered a consent, dated December 22, 2022, to automatically convert all shares of preferred stock into shares of common stock (on a 2-for-1 basis) upon consummation of this offering.

The aggregate purchase price of the Series A Preferred Stock was $9,321,165, of which $7,692,664 was comprised of cash and the remaining $1,628,501 was comprised of converted debt and common stock. The aggregate purchase price of the Series Seed Preferred shares was $0, as all the Series Seed shares were converted from common stock as an incentive to reinvest in Series A Preferred Stock.

The following is a summary of Preferred Stock terms:

Voting Rights - The Series A Preferred and Series Seed Preferred shall vote together with the Common Stock on an as-converted basis, and not as separate classes.

Conversion - The Series A Preferred and Series Seed initially convert 1:1 to Common Stock at any time at option of holder, subject to adjustments for stock dividends, splits, combinations, and similar events and as described below under “Anti-dilution Provisions.”

Dividends - The Series A Preferred will carry an annual 8% cumulative dividend, payable upon any liquidation, dissolution or winding up of the Company (the “Accruing Dividend”). For any other dividends or distributions, participation with Common Stock on an as-converted basis.

Liquidation - In the event of any liquidation, dissolution or winding up of the Company, the proceeds shall be paid in the following priority:

First, to the Series A Preferred in proportion to each holder’s respective pro rata Series A Original Purchase Price, plus any pro rata share of the Accruing Dividend until the entire Series A Original Purchase Price and Accruing Dividend are paid;

Second, to the Series Seed Preferred in proportion to each holder’s respective pro rata Series Seed Original Purchase Price until the entire amount of the Series Seed Original Purchase Price is paid;

Thereafter, the Series A Preferred and Series Seed Preferred participate with the Common Stock pro rata on an as-converted basis.

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 (a “Deemed Liquidation Event”), thereby triggering payment of the liquidation preferences described.

Anti-dilution Provisions - The Series A Preferred have full-ratchet anti-dilution protection so that the conversion price will be reduced to 80% of the price at which any future shares are issued, if less than the Series A Original Purchase Price.

In consideration for shareholders to make an additional investment in the Company, upon the purchase of the Series A Preferred stock by the shareholder, the Company converted the existing common shares held by shareholders to Series Seed Preferred Stock at a $100 million valuation and at a 120% share premium. As of December 31, 2022 and December 31, 2021, there were 97,702 common shares converted into 115,477 shares of Series Seed Preferred shares that have no par value and are outstanding.

12. Stock Options and Awards

On October 12, 2017, the Company adopted the 2017 Stock Compensation Plan authorizing the issuance of 1,435,652 shares of common stock. On September 13, 2019 the Company entered into a Stock Option Cancellation agreement with all holders of these stock options effective on that date.

This plan was then amended on September 13, 2019, to increase the share amount to 2,638,788. This plan was enacted to enable the Company to retain the services of certain key employees, officers, and directors of the Company. The Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs and restricted stock, and they were estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Assumptions as of December 31, 2022
	Fully Vested
Number of Shares	1,319,394
Stock price	$ 9.20
Exercise price	$ 6.94
Expected term	5 years
Expected volatility	80%
Risk-free interest rate	4.06%
Dividend rate	0%

The following is a summary of stock option activity for the periods ended December 31, 2022 and 2021:

	Number of Options	Weighted Avg. Remaining Contractual Life (in years)	Weighted Avg. Exercise Price	Aggregate Intrinsic Value
Outstanding as of January 1, 2021	1,319,394	6.78	$ 6.94	$ —
Granted	—			
Forfeited	—			
Cancelled/Expired	—			
Exercised	—			
Outstanding as of December 31, 2021	1,319,394	5.78	$ 6.94	$ —
Granted	—			
Forfeited	—			
Cancelled/Expired	—			
Exercised	—			
Outstanding as of December 31, 2022	1,319,394	4.78	$ 6.94	$ —
Vested and Exercisable as of December 31, 2022	1,319,394	4.78	$ 6.94	$ —

Stock-based compensation expense is classified in the Company's statements of operations as general and administrative expense. The amounts were $27,319 and $36,381 for periods ended December 31, 2022 and 2021, respectively. As of December 31, 2022, there was $0 of total unrecognized compensation expense related to unvested options granted under the Company's share-based compensation plans.

13. Warrant Liabilities

The Company has evaluated financial instruments arising from an adjustable exercise price for warrants that are issued and outstanding as of December 31, 2022 and December 31, 2021.

The Company utilizes a Monte Carlo simulation model for warrants that have an option to convert at a variable number of shares to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The inputs utilized in the application of the Monte Carlo model included a starting stock price of $9.20 per share, an expected remaining term of each warrant as of the valuation date, estimated volatility of 80%, drift, and a risk-free rate ranging from 4.00% to 4.06%.

Risk-free interest rate: The Company uses the risk-free interest rate of a U.S. Treasury Note adjusted to be on a continuous return basis to align with the Black-Scholes option-pricing model.

Dividend yield: The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

Volatility: The Company calculates the expected volatility based on comparable company's historical stock prices with a look back period commensurate with the period to maturity.

Expected term: The Company's remaining term is based on the remaining contractual maturity of the warrants.

The following are the changes in the warrant liabilities during the year ended December 31, 2022 and December 31, 2021.

	Level 1	Level 2	Level 3
Warrant liabilities as of January 1, 2021	$ —	$ —	$ 2,760
Addition	—	—	—
Changes in fair value of warrant liabilities	—	—	29,342
Warrant liabilities as of December 31, 2021	—	—	32,102
Addition	—	—	2,808,331
Changes in fair value of warrant liabilities	—	—	(606,049)
Warrant liabilities as of December 31, 2022	$ —	$ —	$ 2,234,384

14. Derivative Liabilities

The Company has identified derivative instruments arising from the conversion shares discussed in the Convertible Notes section of note 6 as of December 31, 2022 and December 31, 2021.

The Company utilizes a Monte Carlo simulation model for commitment shares that have an option to convert at a variable number of shares to compute the fair value of the derivative and to mark to market the fair value of the derivative at each balance sheet date. The inputs utilized in the application of the Monte Carlo model included a starting stock price of $9.20 per share, an expected remaining term of each warrant as of the valuation date, estimated volatility of 80%, drift, and a risk-free rate ranging from 4.00% to 4.73%.

Risk-free interest rate: The Company uses the risk-free interest rate of a U.S. Treasury Note adjusted to be on a continuous return basis to align with the Black-Scholes option-pricing model.

Dividend yield: The Company uses a 0% expected dividend yield as the Company has not paid dividends to date and does not anticipate declaring dividends in the near future.

Volatility: The Company calculates the expected volatility based on comparable company's historical stock prices with a look back period commensurate with the period to maturity.

Expected term: The Company's remaining term is based on the remaining contractual maturity of the warrants.

The following are the changes in the warrant liabilities during the year ended December 31, 2022 and December 31, 2021.

	Level 1	Level 2	Level 3
Derivative liabilities as of January 1, 2021	$ —	$ —	$ —
Addition	—	—	—
Changes in fair value of Derivative liabilities	—	—	—
Derivative liabilities as of December 31, 2021	—	—	—
Addition	—	—	2,449,689
Changes in fair value of Derivative liabilities	—	—	(713,989)
Derivative liabilities as of December 31, 2022	$ —	$ —	$ 1,735,700

15. Retirement Plan

The Company sponsors a 401(k)-retirement plan for its employees. Employees are eligible to participate in the elective deferral portion of the plan after twelve months and 1,000 hours of service. The Company matches the employee's contribution up to 3%. The Company can also make an optional profit-sharing contribution to the employee accounts on an annual basis. There was an expense of $17,183 and $22,501 for years ended December 31, 2022 and 2021, respectively.

16. Commitments and Contingencies

Manufacturing Services Agreement

On August 21, 2020, the Company entered into a Manufacturing Services Agreement (MSA) for the manufacture and supply of the Company's IB-STIM device based upon the Company's product specifications as set forth in the MSA. This agreement terminated any prior manufacturing agreements.

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 MSA is initiated by orders issued by the Company and accepted by the manufacturer.

The term of the MSA is 24 months and shall automatically renew for renewal terms of twelve months unless either party provides a written termination notice to the other party within 180 days prior to the end of the then-current term.

Trademark Agreement

On July 11, 2022, the Company entered into an agreement for a trademark related to the Company's name. An initial payment of $10,000 was paid upon execution of the agreement. A second and final payment of $40,000 is contingent upon the completion of the Company's planned initial public offering. The second payment has not been recorded in these financial statements.

Executive Employment Agreements

The Company, as authorized by the board of directors, entered into employment agreements with nine key 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 2 to 5 years and optional one-year renewals.

The total base salaries for the nine key employees in the agreements are $1.92 million per year with various provisions for annual increases. In addition to base salaries, eight of the employees have a provision for a special one-time incentive payment to be paid in a lump sum after the start date. The total amount of these special incentive payments is $1.11 million. The special incentive payment amount includes any accrued backpay wages for the employee. That accrued amount for backpay was $417,390 and has been recorded and is reflected in the financial statements at December 31, 2022.

There are seven key employees that have stock options of the Company totaling 2,477,424 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 public offering (IPO). 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 Company has recorded the backpay portion of the incentive bonus noted above. The balance of the incentive bonuses of $694,056 and the special options bonuses of $14.82 million that are contingent upon a successful IPO have not been recorded.

Litigation

From time to time in the normal course of our business operations, we may become subject to litigation that may result in liability material to our financial condition as a whole or may negatively affect our operating results if changes to our business operations are required. The cost to defend such litigation may be significant and may require a significant diversion of our resources, and there is no guarantee that we will be able to successfully defend against any such litigation regardless of particular merits. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. Insurance may not be available on favorable terms, at all, or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims could adversely affect our business, financial condition, and the results of our operations.

On February 6, 2019, plaintiff Ritu Bharnbhani, 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 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 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. The Company filed a motion to dismiss. On January 4, 2023, the Court issued an order that stated it was deferring a ruling on the motion to dismiss the appeal and that it would address those arguments at the same time that it addressed the substantive merits of the case. As of May 5, 2023, the parties have submitted their appellate briefs to the Fourth Circuit. No date has been set for either oral argument or for issuance of a decision by the court. While it is too early to predict the ultimate outcome of this matter, we continue to believe we have meritorious defenses, that the dismissal of the Complaint should be upheld, and intend to continue to defend this matter vigorously.

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 has filed a motion to dismiss all claims, but no ruling has been issued. No date had been established for the court to rule on that motion. While it is too early to predict the ultimate outcome of this matter, we believe we have meritorious defenses and intend to defend this matter vigorously.

On May 26, 2023, we received notice from the Court that it had entered an Order and a Memorandum Opinion to rule upon the Company's motion to dismiss. The Order and Memorandum Opinion are dated May 25, 2023. Substantively, the Order and Memorandum Opinion dismiss, with prejudice, the plaintiffs' attempt to assert Racketeering Influenced and Corrupt Organizations statutory claims. The Court further ruled that the remaining claims are permitted to proceed. No trial date or other pretrial deadlines have been scheduled for this case.

17. Health Benefit Plan

The Company entered into a self-funded program employer agreement in 2018 in conjunction with a group health plan for the benefit of eligible employees. This plan is a level funded plan, and the services and products include:

- A self-funded employer health benefit plan.
- Stop loss insurance purchased from a stop loss insurance company.
- Third party administrator to provide administrative services with regard to the plan.

The Company maintains a stop loss contract that reimburses the Company for claims paid under the plan if they exceed a predetermined level. The Company makes contributions for health care costs and associated expenses that are expected during the plan year. The amount of contributions is determined annually based on the Company's maximum liability for expected claims, administrative expenses, and premiums for the stop loss policy. The Company paid premiums of $196,929 and $158,831 for the years ended December 31, 2022 and 2021, respectively.

The Company is responsible for the monthly premiums, as established, and nothing further. The stop loss policy covers the claims if they exceed the claims funds. After a certain time, and if there is a surplus in the claims fund, the Company may be entitled to receive a 48.5% refund from the fund. This amount is recognized by the Company when received.

18. Income Taxes

New Tax Legislation

The Inflation Reduction Act was signed into law on August 16, 2022, imposing a 15% corporate alternative minimum tax on adjusted financial statement income and a 1% excise tax on stock repurchases after January 1, 2023. The Act did not have an impact on the Company's 2022financial statements.

The Tax Cuts and Jobs Act ("TCJA") requires taxpayers to capitalize and amortize research and experimental ("R&D") expenditures undersection 174 for tax years beginning after December 31, 2021. This rule became effective for the Company during the year ended December31, 2022, and resulted in the capitalization of R&D costs of $225,466 for tax purposes. The Company is amortizing these costs over 5 years ifthe R&D was performed in the US and over 15 years if the R&D was performed outside the US. The Company did not recognize a current provision for income taxes for 2021 and 2020 since there were net operating losses reported in both years.

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Differences are primarily attributable to net operating loss carryforwards and depreciation on assets.

The Company does not reflect a deferred tax asset in its financial statements but includes that calculation and valuation in its footnotes. The net deferred tax amounts include the following components:

	December 31, 2022	December 31, 2022
Net deferred tax assets - Non-current		
Depreciation	**$ (16,098)**	$ (22,010)
Amortization	**(19,290)**	(5,992)
Accrual to cash	**767,861**	509,743
Stock based compensation	**3,653,490**	3,667,546
Expected income tax benefit from NOL carry-forwards	**3,309,340**	2,409,546
Less valuation allowance	**(7,695,303)**	(6,558,833)
Deferred tax assets, net of valuation allowance	**$ —**	$ —

A reconciliation of the federal statutory income tax rate and the effective income tax rate as a percentage of income before income taxes is as follows:

	2022	2021
Federal statutory income tax rate	**21.0%**	21.0%
State tax rate, net of federal benefit	**3.9**	4.0
Nondeductible expenses	**—**	—
Nontaxable income	**—**	—
Change in valuation allowance on net deferred tax assets	**(24.9)**	(25.0)
Effective income tax rate	**—%**	**—%**

The Company had no income tax expense due to the operating loss incurred for the years ended December 31, 2022 and 2021. The Company's management has evaluated the positive and negative evidence bearing upon the realizability of its deferred tax assets and has determined that it is more likely than not that the Company will not recognize the benefits of the net deferred tax assets. As a result, the Company recorded a full valuation allowance at December 31, 2022 and 2021. The valuation allowance increased by $1,136,470 during the year ended December 31, 2022, due to the increase in deferred tax assets, primarily due to net operating loss carryforwards. The valuation allowance increased by $701,706 for the year ended December 31, 2021.

On December 31, 2022, the Company has Federal and state net operating loss (NOL) carryforwards totaling $13,303,602 and $13,319,120, respectively. These loss carryforwards may be offset against future taxable income. There is no limitation on the number of years to utilize the Federal NOL. The Federal deduction will be limited to 80% of modified taxable income. The state deduction for NOL allows up to 100% of taxable income to be offset and can be carried forward no longer than twenty years after the year of the taxable loss.

Federal and state tax laws impose limitations on the utilization of net operating losses and credit carryforwards in the event of an ownership change for tax purposes, as defined in Section 382 of the Internal Revenue Code. Accordingly, the Company's ability to utilize these carryforwards may be limited as a result of an ownership change which may have already happened or may happen in the future. Such an ownership change could result in a limitation in the use of the net operating losses in future years and possibly a reduction of the net operating losses available.

If not used, the state carryforwards will expire as follows:

2038	$ 888,389
2039	$ 1,898,067
2040	$ 4,457,495
2041	$ 2,406,225
2042	$ 3,668,944

19. Subsequent Events

The Company evaluated subsequent events through the date of issuance. The following changes occurred subsequent to December 31, 2022:

Reverse Stock Split - On January 10, 2023, the Company's board of directors authorized a 1-for-2 reverse stock split. All per share information has been adjusted for this reverse stock split. The reverse split became effective on January 12, 2023. All share and per share amounts for the common stock have been retroactively restated to give effect to the splits.

Addition Borrowing – The Company borrowed additional funds subsequent to December 31, 2022, and up through the date of this report.

On February 15, 2023, The Company signed a promissory note with Exchange Listing, LLC in the amount of $52,600. The note carries an interest rate of 1%. The interest shall accrue on the outstanding balance until the date of repayment and shall be payable at the time and place and in the manner provided in this promissory note. The Note shall be paid on the earlier of (i) three months from the date hereof or the Company receiving a financing in the minimum of $3,000,000.

From March 10, 2023 to April 12, 2023 the Company conducted multiple closings of a private placement offering to accredited investors for aggregate gross proceeds of $3,800,000 or net proceeds of $4,222,222.

The notes consisted of (a) a Convertible Promissory Note that accrues interest at 12% that can be paid in cash or PIK. The notes automatically convert into common shares at a 30% discount to the IPO. The notes mature on the sooner of the six-month anniversary date from issuance or a successful IPO on primary exchange in the U.S. (b) a five-year warrant to purchase common stock equal to fifty percent (50%) of the shares into which the 2023 Convertible Notes can be converted into at issuance. The warrants have a strike price at a 25% premium to the Conversion Price subject to anti-dilution, issuable on a pro rata basis at each funding.

As facilitators to the notes Signature Bank and Alexander Capital, L.P. will receive certain fees. Signature Bank received a $6,000 escrow fee from the first round of funding. Alexander Capital, L.P. has and will continue to receive (i) a cash commission of ten percent (10%) of the proceeds raised in the Offering from Investors introduced to the Company by the Placement Agent; (ii) the granting to the Placement Agent of a warrant for the purchase of a number of shares of Common Stock equal to 6% of the number of Underlying Securities; and (iii) the other matters set forth in the engagement letter between the Company and the Placement Agent dated April 13, 2022. As of April 4, 2023, Alexander Capital, L.P., has received $318,250 and 61,074 warrants from this round.

Employment Agreements – 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 public offering (IPO). 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. See executive employment agreements in the commitments and contingency footnote.

2022 Stock Compensation Plan – The Company adopted a new compensation plan effective November 1, 2022. The 2022 Plan will be applicable only to awards granted on or after the date the 2022 Plan becomes effective according to its terms and will replace the 2017 Plan for awards granted on or after the effective date. No new grants will be made under the 2017 Plan after the effective date. The terms and conditions of awards granted under the 2017 Plan prior to the effective date was not be affected by the adoption of the 2022 Plan, and the 2017 Plan will remain effective with respect to such awards.

600,000 shares of common stock, par value $0.001 per share, of common stock will be set aside and reserved for issuance pursuant to the 2022 Plan, subject to adjustments as may be required in accordance with the terms of the Plan.

[●]
Shares of Common Stock

NEURAXIS, INC.

PROSPECTUS

Sole Book Running Manager

ALEXANDER CAPITAL L.P.

[●], 2023

Through and including [●], 2023 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following is an estimate of the expenses (all of which are to be paid by the Company) that we may incur in connection with the securities being registered hereby.

Offering Expenses		
SEC registration fee	$	3,273
Nasdaq listing fee	$	80,000
FINRA filing fee	$	5,000
Legal fees and expenses	$	550,000
Accounting fees and expenses	$	375,000
Miscellaneous	$	91,727
Total	$	1,105,000

Item 14. Indemnification of Directors and Officers.

Section 145(a) of the DGCL provides, in general, that a corporation may indemnify any person who was or is a party to or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 145(b) of the DGCL provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made with respect to any claim, issue or matter as to which he or she shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, he or she is fairly and reasonably entitled to indemnity for such expenses that the Court of Chancery or other adjudicating court shall deem proper.

Section 145(g) of the DGCL provides, in general, that a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Section 145 of the DGCL.

Additionally, our bylaws eliminates our directors' liability to the fullest extent permitted under the DGCL. The DGCL provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability:

- for any transaction from which the director derives an improper personal benefit;
- for any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- for any unlawful payment of dividends or redemption of shares; or
- for any breach of a director's duty of loyalty to the corporation or its stockholders.

If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the Company's directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

We are also expressly authorized to carry directors' and officers' insurance to protect our directors, officers, employees and agents against liabilities for actions taken in their capacities as directors and officers.

Item 15. Recent Sales of Unregistered Securities.

The following information relates to all securities issued or sold by us within the past three years and not registered under the Securities Act.

In 2019, the Company granted stock options to purchase 1,319,394 shares of common stock in the aggregate under the Innovative Health Solutions, Inc. 2017 Stock Compensation Plan adopted October 12, 2017 (the "Plan") with exercise prices of $6.94 per share and a term of ten years.

From September 2019 to November 2019, we entered into Series A Preferred Stock Purchase Agreements with 16 investors. Pursuant to the Series A Preferred Stock Purchase Agreements, we issued a total of 189,092 shares of Series A Preferred Stock, at a price of $18.87 per share, all of which will be converted into shares of common stock upon the closing of this offering. Pursuant to the Series A Preferred Stock Purchase Agreements, we issued a total of 115,477 shares of Series Seed Preferred Stock in exchange of the share of common stock held by the investors.

On September 6, 2019, in connection with the conversion of certain secured convertible promissory note, in the amount of $347,379.45, that the Company issued to Brian Hannasch on January 31, 2019, we issued 20,056 shares of Series A Preferred Stock to Brian Hannasch, at a conversion price of $17.32 per share.

On September 6, 2019, we issued warrants to purchase 40,000 shares of common stock to Brian P. Hannasch, in connection with certain Series A Preferred Stock Purchase Agreement. Pursuant to the terms of the warrants, the warrant exercise price is equal to $0.02 per share. If unexercised, these warrants will expire on the 10^{th} anniversary of their issuance dates. The warrants will neither expire nor be automatically exercised upon the closing of this offering. The warrants provide that the holder thereof may elect to exercise the warrant on a net "cashless" basis at any time prior to the expiration thereof. Assuming the closing of this offering occurs, the fair market value of one share of our common stock in connection with any cashless exercise shall be the based on the average of the daily closing prices per share for the 30 consecutive trading day period ending on the second trading day prior to such date.

From April 2020 to June 2021, we entered into five Series A Preferred Stock Purchase Agreements with investors. Pursuant to the Series A Preferred Stock Purchase Agreements, we issued a total of 315,545 shares of Series A Preferred Stock, at a price of $18.87 per share, all of which will be converted into shares of common stock upon the closing of this offering.

On April 9, 2020, we entered into a Series A Preferred Stock Purchase Agreements with Masimo. Pursuant to the Series A Preferred Stock Purchase Agreement, we issued a total of 265,774 shares of Series A Preferred Stock, at a price of $18.87 per share, all of which will be converted into shares of common stock upon the closing of this offering.

On the same day, we issued pre-funded warrants to purchase 144,890 shares of Series A Preferred Stock to Masimo, in connection with its Series A Preferred Stock Purchase Agreement. Pursuant to the terms of the warrants, the warrant exercise price is equal to $0.0001 per share, subject to adjustments, and these warrants will not expire. The aggregate purchase price of this Warrant, in the amount of $2,734,340.40, equating to $18.87 per warrant share, was pre-funded to the Company and, consequently, no additional consideration shall be required to be paid by Masimo to any Person to effect any exercise of this Warrant, except for the payment of the exercise price. The warrants will neither expire nor be automatically exercised upon the closing of this offering. The warrants provide that Masimo thereof may elect to exercise the warrant on a net "cashless" basis at any time prior to the expiration thereof. Assuming the closing of this offering occurs, the fair market value of one share of our Series A Preferred Stock in connection with any cashless exercise shall be the closing price or last sale price of a share of common stock reported for the business day immediately before the date on which Masimo delivers this warrant together with its notice of exercise to the Company, multiplied by the number of shares of common stock into which a share of Series A Preferred Stock is then convertible, if the common stock is then traded on a trading market, or the fair market value of Series A Preferred Stock, as mutually determined in writing by the Company and Masimo. Masimo may not exercise the warrant in excess of that number of shares which would cause the aggregate number of shares of common stock beneficially owned by Masimo to exceed 19.99% of the total number of issued and outstanding shares of common stock following such exercise, or the combined voting power of the securities beneficially owned by Masimo to exceed 19.99% of the combined voting power of all of the securities of the Company then outstanding following such exercise.

On October 19, 2020, the Company entered into a Series A Preferred Stock Purchase Agreement with Dresner Investment Services, Inc. d/b/a Dresner Partners ("Dresner"). Pursuant to the Series A Preferred Stock Purchase Agreement, the Company issued 18,546 shares of Series A Preferred Stock to Dresner and six (6) of its designees in consideration of the fee owed to Dresner in connection with an engagement letter, dated April 16, 2020, at a price of $18.87 per share. We plan to convert all of the Series A Preferred Stock into shares of common stock upon the closing of this offering.

On September 9, 2021, the Company cancelled and reissued all previously issued stock options in connection with a 4-to-1 stock split that occurred on the same date. No new optionees were awarded options on this date, but all prior stock option holders received four times the number of options they had before the split, and the exercise price was divided by four due to the split.

From June 3, 2022 to November 30, 2022, the Company entered into SPAs with Leonite Fund I, LP, Emmis Capital II, LLC, District 2 Capital Fund, LP, and Exchange Listing, LLC, which provide for advances of up to $2.4 million in proceeds to us, subject to our satisfaction of certain conditions. Pursuant to the SPAs, from June 3, 2022 to November 30, 2022, we (i) issued 2022 Senior Secured Convertible Promissory Notes with an aggregate principal amount of $2,777,777, which amount included an OID of $222,223, resulting in advance proceeds to us of $2.370 million. In connection with the issuance of the 2022 Senior Secured Convertible Promissory Notes, we also issued five-year warrants exercisable for 353,111 shares of common stock with an exercise price of the lower of (a) $11.80 and (b) a 12.5% discount to the price per share in any subsequent offering by the Company, and we entered into a Pledge and Security Agreement with Leonite Fund I, LP, dated June 3, 2022. The 2022 Senior Secured Convertible Promissory Notes carry an OID of 10% of the principal amount and have an interest rate of the greater of (a) the prime rate of interest, as published by the Wall Street Journal, plus 8.5% per annum, or (b) 12%. The 2022 Senior Secured Convertible Promissory Notes will mature in twelve (12) months from the issue dates. The 2022 Senior Secured Convertible Promissory Notes are convertible into shares of common stock at the lower of (a) $9.44 per share, or (b) a discount of 30% to the price per share in any subsequent offering, subject to adjustment in the event of common stock distribution, stock splits, fundamental transactions, dilutive issuances or similar events affecting our common stock and the conversion price. Interest accrues on the aggregate principal amount (which includes OID) and is payable monthly, at the Company's election, in cash or in-kind. Upon the advance of consideration under the SPAs, the Company is required to issue to the noteholders a number of shares of common stock, calculated based on the value of 10% of the principal amount of 2022 Senior Secured Convertible Promissory Notes issued in such advance, at a value per share equal to the conversion price of the 2022 Senior Secured Convertible Promissory Notes. Accordingly, from June 3, 2022 to November 30, 2022, in connection with the initial advance and issuance of 2022 Senior Secured Convertible Promissory Notes, we also issued 35,317 shares of common stock to the noteholders. We plan to use a portion of the proceeds of this offering to repay the entire amount owed pursuant to these 2022 Senior Secured Convertible Promissory Notes. See "*Use of Proceeds*" for additional information.

From December 2022 through January 2023, the Company issued unsecured convertible promissory notes to three existing investors, Todd Maxwell, Rogan O'Donnell and Michael & Michele Robuck, with an aggregate principal amount of $222,222, which amount included an OID of $22,222, resulting in advance proceeds of $200,000. The notes carry an OID of 10% of the principal amount and have an interest rate of 12% per annum. The notes will mature at the earlier of (i) twelve (12) months from the issue date or (ii) the date upon which the Company completes a registered public offering of shares of the Company, which encompasses this offering. The note is convertible into shares of common stock at the higher of (i) $9.44 per share, or (ii) the price per share of common stock issued pursuant to the next registered public offering of shares of the Company made prior to the conversion of any portion of the note. Interest accrues on the aggregate principal amount (which includes OID) and is payable on the maturity date, at the Company's election, in cash or in-kind.

On January 12, 2023, we filed a certificate of amendment to our certificate of incorporation with the Secretary of State of the State of Delaware and effectuated a reverse stock split of our common stock at a ratio of 1-for-2.

From March through May 2023, we entered into Securities Purchase Agreements (the "SPAs") which provide for advances of up to $3 million in proceeds to us, subject to our satisfaction of certain conditions ("2023 Private Placement"). Pursuant to the SPAs, from March through May of 2023, we issued Senior Secured Convertible Promissory Notes ("Notes") with an aggregate principal amount of $4,733,333, which amount included an original issue discount ("OID") of $473,333, and underwriter fees for $338,250, resulting in advance proceeds to us of $3.9 million. The notes automatically convert into Common Stock at IPO on primary exchange. Conversion Price will be set at a 30% discount to the IPO price or $5.60 per share. As a result, the notes will convert into 845,254 shares of common stock at IPO. In connection with the issuance of the Notes, we also issued five-year warrants exercisable for an aggregate of 295,850 shares of common stock with a strike price at a 25% premium to the Conversion Price or $7.00 per share subject to anti-dilution, issuable on a pro rata basis at each funding. For more information regarding the warrants issued under the SPAs, see "*Description of Our Securities—Other Outstanding Warrants*."

The Notes were issued with OID of 10% of the principal amount and bear interest at 12%. The Notes will mature in six (6) months from their respective issue dates or a successful IPO on primary exchange in the U.S. (whichever comes sooner). If the IPO is not completed or the Note is not repaid by the Maturity Date the following will ensue: a) principal amount of the note will be automatically increased by 20%; b) the warrant coverage will be increased to 75%; c) the default interest rate will begin to accrue at 20% per annum until the Default is cured (default interest will be repaid in cash monthly); d) noteholder will be paid 30% of gross revenues in cash on a monthly basis until the default is cured or the note is repaid in full. Interest accrues on the aggregate principal amount (which includes OID) and is payable monthly, at the Company's election, in cash or in-kind.

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.

No underwriter was engaged in connection with the foregoing sales of securities. The Company has reason to believe that all of the foregoing purchasers were familiar with or had access to information concerning the operations and financial conditions of the Company, and all of those individuals purchasing securities represented that they were accredited investors, acquiring the shares for investment and without a view to the distribution thereof. At the time of issuance, all of the foregoing securities were deemed to be restricted securities for purposes of the Securities Act and the certificates representing such securities bore legends to that effect.

Item 16. Exhibits and Financial Statement Schedules

Exhibit Number	Exhibit Description
1.1	Form of Underwriting Agreement
3.1**	Certificate of Incorporation (incorporated by reference to exhibit 3.1 to Registration Statement on Form S-1, filed on January 10, 2023)
3.2**	Certificate of Amendment to Certificate of Incorporation (incorporated by reference to exhibit 3.2 to Registration Statement on Form S-1,filed on January 26, 2023)
3.3**	Bylaws (incorporated by reference to exhibit 3.3 to Registration Statement on Form S-1, filed on January 10, 2023)
4.1**	Form of warrant issued to Brian P. Hannasch (incorporated by reference to exhibit 4.1 to Registration Statement on Form S-1, filed on January 10, 2023)
4.2**	Pre-Funded Warrant to Purchase Series A Preferred Stock issued to Masimo Corporation, dated April 9, 2020 (incorporated by reference to exhibit 4.2 to Registration Statement on Form S-1, filed on January 10, 2023)
4.3**	Common Share Purchase Warrant issued to Leonite Fund I, LP, dated June 3, 2022 (incorporated by reference to exhibit 4.3 to Registration Statement on Form S-1, filed on January 10, 2023)
4.4**	Common Share Purchase Warrant issued to Leonite Fund I, LP, dated July 8, 2022 (incorporated by reference to exhibit 4.4 to Registration Statement on Form S-1, filed on January 10, 2023)
4.5**	Common Share Purchase Warrant issued to Leonite Fund I, LP, dated October 3, 2022 (incorporated by reference to exhibit 4.5 to Registration Statement on Form S-1, filed on January 10, 2023)
4.6**	Common Share Purchase Warrant issued to Leonite Fund I, LP, dated November 30, 2022 (incorporated by reference to exhibit 4.6 to Registration Statement on Form S-1, filed on January 10, 2023)
4.7**	Common Share Purchase Warrant issued to Emmis Capital II, LLC, dated June 10, 2022 (incorporated by reference to exhibit 4.7 to Registration Statement on Form S-1, filed on January 10, 2023)
4.8**	Common Share Purchase Warrant issued to Emmis Capital II, LLC, dated November 30, 2022 (incorporated by reference to exhibit 4.8 to Registration Statement on Form S-1, filed on January 26, 2023)
4.9**	Common Share Purchase Warrant issued to Exchange Listing, LLC, dated July 12, 2022 (incorporated by reference to exhibit 4.9 to Registration Statement on Form S-1, filed on January 10, 2023)
4.10**	Common Share Purchase Warrant issued to Exchange Listing, LLC, dated October 4, 2022 (incorporated by reference to exhibit 4.10 to Registration Statement on Form S-1, filed on January 10, 2023)
4.11**	Common Share Purchase Warrant issued to District 2 Capital Fund LP, dated August 15, 2022 (incorporated by reference to exhibit 4.11 to Registration Statement on Form S-1, filed on January 10, 2023)
4.12**	Common Share Purchase Warrant issued to District 2 Capital Fund LP, dated October 4, 2022 (incorporated by reference to exhibit 4.12 to Registration Statement on Form S-1, filed on January 10, 2023)
4.13**	Common Share Purchase Warrant issued to District 2 Capital Fund LP, dated November 30, 2022 (incorporated by reference to exhibit 4.13 to Registration Statement on Form S-1, filed on January 10, 2023)
4.14**	Common Share Purchase Warrant issued to Bigger Capital Fund, LP, dated August 15, 2022 (incorporated by reference to exhibit 4.14 to Registration Statement on Form S-1, filed on January 10, 2023)
4.15**	Common Share Purchase Warrant issued to Bigger Capital Fund, LP, dated October 4, 2022 (incorporated by reference to exhibit 4.15 to Registration Statement on Form S-1, filed on January 10, 2023)
4.16**	Letter Agreement between Innovative Health Solutions, Inc. and Masimo Corporation, dated April 9, 2020 (incorporated by reference to exhibit 4.16 to Registration Statement on Form S-1, filed on January 10, 2023)
4.17**	Side Letter between NeurAxis, Inc. and Masimo Corporation, dated December 22, 2022 (incorporated by reference to exhibit 4.17 to Registration Statement on Form S-1, filed on January 10, 2023)
4.18**	Side Letter between NeurAxis, Inc. and Brian P. Hannasch, dated July 7, 2022 (incorporated by reference to exhibit 4.18 to Registration Statement on Form S-1, filed on January 10, 2023)
4.19**	Investor Rights Agreement between Innovative Health Solutions, Inc. and Brian Hannasch, dated September 6, 2019 (incorporated by reference to exhibit 4.19 to Registration Statement on Form S-1, filed on January 10, 2023)
4.20**	Amended and Restated Shareholders' Agreement, dated June 13, 2016, and First Amendment to Shareholders' Agreement, dated January 30, 2019 (incorporated by reference to exhibit 4.20 to Registration Statement on Form S-1, filed on January 10, 2023)
4.21**	Second Amendment to Shareholders' Agreement, dated January 8, 2023 (incorporated by reference to exhibit 4.21 to Registration Statement on Form S-1, filed on January 10, 2023)
4.22**	Form of Underwriter Warrant (included as Exhibit A to Exhibit 1.1)
4.23	Form of Warrant related to 2023 Private Placement
5.1**	Legal opinion of Lucosky Brookman LLP (incorporated by reference to exhibit 5.1 to Registration Statement on Form S-1, filed on February 13, 2023)
10.1**	License and Collaboration Agreement, dated April 9, 2020, by and between Innovative Health Solutions, Inc. and Masimo Corporation (incorporated by reference to exhibit 10.1 to Registration Statement on Form S-1, filed on January 10, 2023)
10.2**	Exclusive License Agreement, by and between Innovative Health Solutions, Inc. and TKBMN, LLC (incorporated by reference to exhibit 10.2 to Registration Statement on Form S-1, filed on January 10, 2023)
10.3**	Securities Purchase Agreement, dated June 3, 2022, by and between the Neuraxis, Inc. and Leonite Fund I, L.P., Emmis Capital II, LLC, Exchange Listing, LLC, District 2 Capital Fund LP, and Bigger Capital Fund, LP (incorporated by reference to exhibit 10.3 to Registration Statement on Form S-1, filed on January 26, 2023)
10.4**	Form of Convertible Note related to Exhibits 10.3 (incorporated by reference to exhibit 10.4 to Registration Statement on Form S-1, filed on January 10, 2023)

10.5**	Securities Purchase Agreement, dated December 19, 2022, between the Neuraxis, Inc. and Michele and Michael Robuck (incorporated by reference to exhibit 10.5 to Registration Statement on Form S-1, filed on January 10, 2023)
10.6**	Unsecured Convertible Promissory Note issued to Michele and Michael Robuck, dated December 19, 2022 (incorporated by reference to exhibit 10.6 to Registration Statement on Form S-1, filed on January 10, 2023)
10.7**	Securities Purchase Agreement, dated December 19, 2022, between the Neuraxis, Inc. and Rogan O'Donnell (incorporated by reference to exhibit 10.7 to Registration Statement on Form S-1, filed on January 10, 2023)
10.8**	Unsecured Convertible Promissory Note issued to Rogan O'Donnell, dated December 19, 2022 (incorporated by reference to exhibit 10.8 to Registration Statement on Form S-1, filed on January 10, 2023)
10.9**	Securities Purchase Agreement, dated December 19, 2022, between the Neuraxis, Inc. and Todd Maxwell (incorporated by reference to exhibit 10.9 to Registration Statement on Form S-1, filed on January 10, 2023)
10.10**	Unsecured Convertible Promissory Note issued to Todd Maxwell, dated December 19, 2022 (incorporated by reference to exhibit 10.10 to Registration Statement on Form S-1, filed on January 10, 2023)

10.11**	Pledge and Security Agreement, dated June 3, 2022, between Neuraxis, Inc. and Leonite Fund I, LP (incorporated by reference to exhibit 10.11 to Registration Statement on Form S-1, filed on January 10, 2023)
10.12†**	Employment Agreement between Neuraxis, Inc. and Brian Carrico, dated as of August 9, 2022 (incorporated by reference to exhibit 10.12 to Registration Statement on Form S-1, filed on January 10, 2023)
10.13†	First Amendment to Executive Employment Agreement between Neuraxis, Inc. and Brian Carrico, dated as of May 4, 2023
10.14†**	Employment Agreement between Neuraxis, Inc. and Adrian Miranda, dated as of August 17, 2022 (incorporated by reference to exhibit 10.13 to Registration Statement on Form S-1, filed on January 10, 2023)
10.15†**	Employment Agreement between Neuraxis, Inc. and Thomas Carrico, dated as of August 9, 2022 (incorporated by reference to exhibit 10.14 to Registration Statement on Form S-1, filed on January 10, 2023)
10.16†	First Amendment to Executive Employment Agreement between Neuraxis, Inc. and Thomas Carrico, dated as of May 4, 2023
10.17†**	Employment Agreement between Neuraxis, Inc. and Dan Clarence, dated as of August 9, 2022 (incorporated by reference to exhibit 10.15 to Registration Statement on Form S-1, filed on January 10, 2023)
10.18†	First Amendment to Executive Employment Agreement between Neuraxis, Inc. and Dan Clarence, dated as of May 4, 2023
10.19†**	Employment Agreement between Neuraxis, Inc. and Christopher Robin Brown, dated as of August 9, 2022 (incorporated by reference to exhibit 10.16 to Registration Statement on Form S-1, filed on January 10, 2023)
10.20†	First Amendment to Executive Employment Agreement between Neuraxis, Inc. and Christopher Robin Brown, dated as of May 4, 2023
10.21†**	Employment Agreement between Neuraxis, Inc. and Gary Peterson, dated as of August 9, 2022 (incorporated by reference to exhibit 10.17 to Registration Statement on Form S-1, filed on January 10, 2023)
10.22†	First Amendment to Executive Employment Agreement between Neuraxis, Inc. and Gary Peterson, dated as of May 4, 2023
10.23**	Promissory note of Gary Peterson, dated as of January 1, 2016 (incorporated by reference to exhibit 10.18 to Registration Statement on Form S-1, filed on January 10, 2023)
10.24**	Promissory note of Christopher Robin Brown, dated as of January 1, 2016 (incorporated by reference to exhibit 10.19 to Registration Statement on Form S-1, filed on January 10, 2023)
10.25†**	Innovative Health Solutions, Inc. 2017 Stock Compensation Plan, as amended (incorporated by reference to exhibit 10.20 to Registration Statement on Form S-1, filed on January 10, 2023)
10.26†**	Neuraxis, Inc. 2022 Omnibus Securities and Incentive Plan (incorporated by reference to exhibit 10.21 to Registration Statement on Form S-1, filed on January 10, 2023)
10.27**	Manufacturing Services Agreement between Neuraxis, Inc. and GMI Corporation, dated as of August 21, 2020 (incorporated by reference to exhibit 10.22 to Registration Statement on Form S-1, filed on January 10, 2023)
10.28**	Quality Agreement between Neuraxis, Inc. and GMI Corporation, dated as of August 24, 2020 (incorporated by reference to exhibit 10.23 to Registration Statement on Form S-1, filed on January 10, 2023)
10.29**	Advisory Agreement, date March 3, 2022, between Exchange Listing, LLC and Neuraxis, Inc. (incorporated by reference to exhibit 10.24 to Registration Statement on Form S-1, filed on January 10, 2023)
10.30**	Advisory Agreement, date March 3, 2022, between Exchange Listing, LLC and Neuraxis, Inc., as amended December 22, 2022 (incorporated by reference to exhibit 10.25 to Registration Statement on Form S-1, filed on January 10, 2023)
10.31†**	First Amendment to Neuraxis, Inc. 2022 Omnibus Securities and Incentive Plan (incorporated by reference to exhibit 10.26 to Registration Statement on Form S-1, filed on January 26, 2023)
10.32	Form of Securities Purchase Agreement related to 2023 Private Placement
10.33	Form of Senior Secured Convertible Note related to 2023 Private Placement
10.34	Form of Security Agreement related to 2023 Private Placement
10.35	Form of Registration Rights Agreement related to 2023 Private Placement
14.1**	Code of Ethics and Business Conduct (incorporated by reference to exhibit 14.1 to Registration Statement on Form S-1, filed on January 10, 2023)
21.1**	List of Subsidiaries of Neuraxis, Inc. (incorporated by reference to exhibit 21.1 to Registration Statement on Form S-1, filed on January 10, 2023)
23.1	Consent of Rosenberg Rich Baker Berman, P.A.
23.2**	Consent of Lucosky Brookman LLP (included in Exhibit 5.1)
24.2**	Power of Attorney (included on the signature page hereto)
99.1**	Consent of Timothy Henrichs (incorporated by reference to exhibit 99.1 to Registration Statement on Form S-1, filed on January 10, 2023)
99.2**	Consent of Bradley Mitch Watkins (incorporated by reference to exhibit 99.2 to Registration Statement on Form S-1, filed on January 10, 2023)
99.3**	Consent of Beth Keyser (incorporated by reference to exhibit 99.3 to Registration Statement on Form S-1, filed on January 10, 2023)
99.4	Audit Committee Charter
99.5	Compensation Committee Charter
99.6	Nominating and Corporate Governance Charter
99.7	Insider Trading Policy
101.PRE	XBRL Instance Document
101.INS	XBRL Taxonomy Extension Schema Document
101.SCH	XBRL Taxonomy Extension Calculation Linkbase Document
101.CAL	XBRL Taxonomy Extension Definition Linkbase Document
101.DEF	XBRL Taxonomy Extension Label Linkbase Document
101.LAB	XBRL Taxonomy Extension Presentation Linkbase Document

107**	Filing Fee Table (incorporated by reference to exhibit 107 to Registration Statement on Form S-1, filed on February 13, 2023)

** Previously filed.
† Executive compensation plan or arrangement.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment will be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, will be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-1 and has duly caused this registration statement or amendment thereto to be signed on its behalf by the undersigned, thereunto duly authorized on June 1, 2023.

Neuraxis, Inc.

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

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
/s/ Brian Carrico Brian Carrico	Chief Executive Officer and Director (principal executive officer)	June 1, 2023
/s/ John Seale John Seale	Chief Financing Officer (principal financial officer and principal accounting officer)	June 1, 2023
* Dan Clarence	Director	June 1, 2023
* Adrian Miranda	Director	June 1, 2023
* Thomas Carrico	Director	June 1, 2023
* Christopher Robin Brown	Director	June 1, 2023
* Gary Peterson	Director	June 1, 2023

* POWER OF ATTORNEY

Brian Carrico, by signing his name hereto, does sign this document on behalf of each of the persons indicated above for whom he is attorney-in-fact pursuant to a power of attorney duly executed by such person and filed with the Securities and Exchange Commission.

By */s/ Brian Carrico*
Brian Carrico
Chief Executive Officer and Director

Exhibit 1.1

UNDERWRITING AGREEMENT

between

NEURAXIS, INC.

(the "Company")

and

ALEXANDER CAPITAL, L.P.

(the "Representative")

NEURAXIS, INC.
UNDERWRITING AGREEMENT

[●], 2023

Alexander Capital, L.P.
17 State Street
New York, New York 10004

Ladies and Gentlemen:

The undersigned, Neuraxis, Inc., a corporation formed under the laws of the State of Delaware (the "**Company**"), hereby confirms its agreement (this "**Agreement**") with Alexander Capital, L.P. (the "**Representative**"), and with the other underwriters named on Schedule 1 hereto, if any, for which the Representative is acting as representative (the Representative and such other underwriters being collectively called the "**Underwriters**" and, individually, an "**Underwriter**") as follows:

1. Purchase and Sale of Shares.

1.1. Firm Shares.

1.1.1. Purchase of Firm Shares. On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the several Underwriters, severally and not jointly, and the Underwriters agree to purchase from the Company, severally and not jointly, an aggregate of [●] shares ("**Firm Shares**") of the Company's common stock, $0.001 par value per share (the "**Common Stock**") as set forth opposite their respective names on Schedule 1 hereto and made a part hereof, at a purchase price (net of discounts and commissions) of $[●] per Firm Share, being equal to 93% of the public offering price of the Firm Shares. The Firm Shares are to be offered initially to the public at the offering price set forth on the cover page of the Prospectus (as defined in Section 2.1.1 hereof).

1.1.2. Payment and Delivery. Delivery and payment for the Firm Shares shall be made no later than 10:00 a.m., Eastern time, on the second (2nd) Business Day (as defined below) following the effective date (the "**Effective Date**") of the Registration Statement (as defined in Section 2.1.1 below) (or the third (3rd) Business Day following the Effective Date if the Registration Statement is declared effective after 4:01 p.m., Eastern time) or at such other time as shall be agreed upon by the Representative and the Company, at the offices of Carmel, Milazzo & Feil LLP, counsel to the Underwriters ("**Underwriters Counsel**"), or at such other place (or remotely by facsimile or other electronic transmission) as shall be agreed upon by the Representative and the Company. The hour and date of delivery and payment for the Firm Shares is called the "**Closing Date**." Payment for the Firm Shares shall be made on the Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery to the Representative of certificates (in form and substance satisfactory to the Representative) representing the Firm Shares (or through the facilities of the Depository Trust Company ("**DTC**")) for the account of the Underwriters. The Firm Shares shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) Business Days prior to the Closing Date. The Company will permit the Representative to examine and package the Firm Shares for delivery, at least one (1) full Business Day prior to the Closing Date. The Company shall not be obligated to sell or deliver the Firm Shares except upon tender of payment by the Representative for all the Firm Shares. The term "**Business Day**" means any day other than a Saturday, a Sunday or a legal holiday or any other day on which commercial banks in The City of New York, New York, are authorized or required by law to remain closed; provided, however, that, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home," "shelter-in-place," "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York, New York, are generally are open for use by customers on such day.

1.2. Over-Allotment Option.

1.2.1. Option Securities. The Company hereby grants to the Underwriters an option to purchase up to fifteen percent (15%) of the Firm Shares sold in the offering (the "**Option Shares**"), from the Company, the net proceeds of which will be deposited in the Company's account (the "**Over-Allotment Option**"). Upon the purchase of such additional Option Shares and/or Option Warrants, the net proceeds will be deposited in the Company's account. The purchase price to be paid per Option Share shall be equal to $[●] and the purchase price to be paid per Option Warrant shall be $[●] per Option Warrant. The purchase price to be paid per Option Share shall be equal to $[●][1] and per Option Warrant shall be equal to $0.01 per warrant.

[1] [●]

1.2.2. Exercise of Option. The Over-Allotment Option granted pursuant to Section 1.2.1 hereof may be exercised by the Representative as to all (at any time) or any part (from time to time) of the Option Shares and the Option Warrants or the Option Shares or the Option Warrants 45 days after the Effective Date. The Underwriters shall not be under any obligation to purchase any Option Shares or Option Warrants prior to the exercise of the Over-Allotment Option. The Over-Allotment Option granted hereby may be exercised by the giving of oral notice to the Company by the Representative, which must be confirmed in accordance with Section 9.1 hereof setting forth the number of Option Shares to be purchased and the date and time for delivery of and payment for the Option Shares and/or Option Warrants (the "**Option Closing Date**"), which shall not be later than five (5) full Business Days after the date of the notice or such other time as shall be agreed upon by the Company and the Representative, at the offices of Underwriters Counsel or at such other place (including remotely by facsimile or other electronic transmission) as shall be agreed upon by the Company and the Representative. If such delivery and payment for the Option Shares and/or Option Warrants does not occur on the Closing Date, the Option Closing Date will be as set forth in the notice. Upon exercise of the Over-Allotment Option with respect to all or any portion of the Option Shares and/or Option Warrants, subject to the terms and conditions set forth herein, the Company shall become obligated to sell to the Underwriters the number of Option Shares and/or Option Warrants specified in such notice and, subject to the terms and conditions set forth herein, the Underwriters, acting severally and not jointly, shall purchase the number of Option Shares and/or Option Warrants specified in any such notice.

1.2.3. Payment and Delivery. Payment for the Option Shares and/or Option Warrants shall be made on the Option Closing Date by wire transfer in Federal (same day) funds, payable to the order of the Company upon delivery to the Representative of certificates (in form and substance satisfactory to the Representative) representing the Option Shares and/or Option Warrants (or through the facilities of DTC) for the account of the Underwriters. The Option Shares and/or Option Warrants shall be registered in such name or names and in such authorized denominations as the Representative may request in writing at least two (2) full Business Days prior to the Option Closing Date. The Company will permit the Representative to examine and package the Option Shares and/or Option Warrants for delivery, at least one (1) full Business Day prior to the Option Closing Date. The Company shall not be obligated to sell or deliver the Option Shares and/or Option Warrants except upon tender of payment by the Representative for applicable Option Shares. The Option Closing Date may be simultaneous with, but not earlier than, the Closing Date; and in the event that such time and date are simultaneous with the Closing Date, the term "*Closing Date*" shall refer to the time and date of delivery of the Firm Shares and Option Shares and/or Option Warrants.

1.3. Representative's Warrants.

1.3.1. Purchase Warrants. The Company hereby agrees to issue and sell to the Representative (and/or its designees) on the Closing Date a warrant ("**Representative's Warrant**") for the purchase of an aggregate of [●] Firm Shares, representing 6.0% of the aggregate number of shares of Common Stock sold in the Offering pursuant to a warrant agreement, substantially in the form attached as Exhibit A hereto (the "**Representative's Warrant Agreement**"). The Representative's Warrant shall be exercisable, in whole or in part, commencing on a date which is six (6) months after the Effective Date and expiring on the five-year anniversary of the Effective Date at an initial exercise price per share of Common Stock of $[●], which is equal to 120.0% of the initial public offering price of the Firm Shares. The Representative's Warrant Agreement and the Common Stock issuable upon exercise thereof are hereinafter referred to together as the "**Representative's Securities**." The Representative understands and agrees that there are significant restrictions pursuant to FINRA Rule 5110 upon transfer of the Representative's Warrant and the Common Stock issuable upon exercise of the Representative's Warrant during the one hundred eighty (180) day period after the Effective Date and by its acceptance thereof shall agree that it will not sell, transfer, assign, pledge or hypothecate the Representative's Warrant, or any portion thereof, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such securities for a period of one hundred eighty (180) days beginning on the date of commencement of sales of the public equity offering to anyone other than (i) an Underwriter or a selected dealer in connection with the Offering, or (ii) a bona fide officer or partner of the Representative or of any such Underwriter or selected dealer; and only if any such transferee agrees to the foregoing restrictions and those in the Representative's Warrant Agreement. The Underwriters' warrants may be exercised as to all or a lesser number of shares and will provide for cashless exercise.

1.3.2. Delivery. Delivery of the Representative's Warrants shall be made on the Closing Date and shall be issued in the name or names and in such authorized denominations as the Representative may request in writing.

2. Representations and Warranties of the Company. The Company represents and warrants to the Underwriters as of the Applicable Time (as defined below), as of the Closing Date and as of the Option Closing Date, if any, as follows:

2.1. Filing of Registration Statement.

2.1.1. Pursuant to the Securities Act. The Company has filed with the U.S. Securities and Exchange Commission (the "**Commission**") a registration statement, and any amendment or amendments thereto, on Form S-1 (File No. 333-269179), including any related prospectus or prospectuses, for the registration of the Public Securities and the Common Stock issuable upon exercise of the Representative's Warrant under the Securities Act of 1933, as amended (the "**Securities Act**"), which registration statement and amendment or amendments have been prepared by the Company in conformity with the requirements of the Securities Act and the rules and regulations of the Commission under the Securities Act (the "**Securities Act Regulations**"). Except as the context may otherwise require, such registration statement, as amended, on file with the Commission at the time the registration statement became effective (including the Preliminary Prospectus included in the registration statement, financial statements, schedules, exhibits and all other documents filed as a part thereof or incorporated therein and all information deemed to be a part thereof as of the Effective Date pursuant to paragraph (b) of Rule 430A of the Securities Act Regulations (the "**Rule 430A Information**")), is referred to herein as the "**Registration Statement**." If the Company files any registration statement pursuant to Rule 462(b) of the Securities Act Regulations, then after such filing, the term "**Registration Statement**" shall include such registration statement filed pursuant to Rule 462(b). The Registration Statement has been declared effective by the Commission on the date hereof.

Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement, is herein called a "**Preliminary Prospectus**." The Preliminary Prospectus, subject to completion, dated [●], 2023, that was included in the Registration Statement immediately prior to the Applicable Time is hereinafter called the "**Pricing Prospectus**." The final prospectus in the form first furnished to the Underwriters for use in the Offering is hereinafter called the "**Prospectus**." Any reference to the "most recent Preliminary Prospectus" shall be deemed to refer to the latest Preliminary Prospectus included in the Registration Statement.

"**Applicable Time**" means 5:00 p.m., Eastern time, on the date of this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433 of the Securities Act Regulations ("**Rule 433**"), including without limitation any "free writing prospectus" (as defined in Rule 405 of the Securities Act Regulations) relating to the Public Securities that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Public Securities or of the Offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Issuer General Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a "*bona fide* electronic road show," as defined in Rule 433(h)(5) under the Securities Act (the "**Bona Fide Electronic Road Show**")), as evidenced by its being specified in Schedule 3-B hereto.

"**Issuer Limited Use Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

"**Pricing Disclosure Package**" means any Issuer General Use Free Writing Prospectus issued at or prior to the Applicable Time, the Pricing Prospectus and the information included on Schedule 3-A hereto, all considered together.

2.1.2. Pursuant to the Exchange Act. The Company has filed with the Commission a Form 8-A (File No. 001-[●]) providing for the registration pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), of the Common Stock. The registration of the Common Stock under the Exchange Act has become effective on or prior to the date hereof. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act, nor has the Company received any notification that the Commission is contemplating terminating such registration.

2.2. Stock Exchange Listing. The Common Stock has been approved for listing on The Nasdaq Capital Market (the "**Exchange**"), subject only to official notice of issuance, and the Company has taken no action designed to, or likely to have the effect of, delisting the Common Stock from the Exchange, nor has the Company received any notification that the Exchange is contemplating terminating such listing except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.3. No Stop Orders, etc. Neither the Commission nor, to the Company's knowledge, any state regulatory authority has issued any order preventing or suspending the use of the Registration Statement, any Preliminary Prospectus or the Prospectus or has instituted or, to the Company's knowledge, threatened to institute, any proceedings with respect to such an order. The Company has complied with each request (if any) from the Commission for additional information. For purposes of this Agreement, the terms "Company's knowledge" or "known to the Company" or phrases having a similar meaning, shall be defined as the actual knowledge of the Company's board of directors and named executive officers.

2.4. Disclosures in Registration Statement.

2.4.1. Compliance with Securities Act and 10b-5 Representation.

(i) At the time of effectiveness of the Registration Statement (or at the time of any post-effective amendment to the Registration Statement) and at all times subsequent thereto up to the Closing Date and the Option Closing Date, if any, the Registration Statement, the Preliminary Prospectus and the Prospectus do and will contain all material statements that are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations, and did or will, in all material respects, conform to the requirements of the Securities Act and the Securities Act Regulations. Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus, including the prospectus filed as part of the Registration Statement as originally filed or as part of any amendment or supplement thereto, and the Prospectus, at the time each was filed with the Commission, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations. Each Preliminary Prospectus delivered to the Underwriters for use in connection with this Offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to the Commission's EDGAR filing system ("**EDGAR**"), except to the extent permitted by Regulation S-T promulgated under the Securities Act ("**Regulation S-T**").

(ii) Neither the Registration Statement nor any amendment thereto, at its effective time, as of the Applicable Time, at the Closing Date or at any Option Closing Date (if any), contained, contains or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(iii) The Pricing Disclosure Package, as of the Applicable Time, at the Closing Date and at any Option Closing Date (if any), did not, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Limited Use Free Writing Prospectus does not conflict in any material respect with the information contained in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, and each such Issuer Limited Use Free Writing Prospectus, as supplemented by and taken together with the Pricing Prospectus as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to statements made or statements omitted in reliance upon and in conformity with written information furnished to the Company with respect to the Underwriters by the Representative expressly for use in the Registration Statement, the Pricing Prospectus or the Prospectus or any amendment thereof or supplement thereto. The parties acknowledge and agree that such information provided by or on behalf of any Underwriter consists solely of the following: the names of the Underwriters and the information contained in the table in the subsection "Discounts" and the dealer concession per share amount in the paragraph following such table, and in the subsections "Stabilization" and "Passive Market Making" contained in the "Underwriting" section of any Pricing Prospectus and the Prospectus (the "**Underwriters' Information**").

(iv) Neither the Prospectus nor any amendment or supplement thereto, as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Date or at any Option Closing Date, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters' Information.

2.4.2. Disclosure of Agreements. The agreements and documents described in the Registration Statement, the Pricing Disclosure Package and the Prospectus conform in all material respects to the descriptions thereof contained therein and there are no agreements or other documents required by the Securities Act and the Securities Act Regulations to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus or to be filed with the Commission as exhibits to the Registration Statement, that have not been so described or filed. Each agreement or other instrument (however characterized or described) to which the Company is a party or by which it or any of its properties is or may be bound or affected and that is (i) referred to in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or (ii) material to the Company's business, has been duly authorized and validly executed by the Company, is in full force and effect in all material respects and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company and, to the Company's knowledge, the other parties thereto, in accordance with its terms, except (x) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally, (y) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws, and (z) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, none of such agreements or instruments has been assigned by the Company, and neither the Company nor, to the Company's knowledge, any other party is in default thereunder and, to the Company's knowledge, no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default thereunder except for such defaults that would not reasonably be expected to result in a Material Adverse Change (as defined in Section 2.5.1 below). To the best of the Company's knowledge, performance by the Company of the provisions of such agreements or instruments will not result in a violation of any existing applicable law, rule, regulation, judgment, order or decree of any governmental agency or court, domestic or foreign, having jurisdiction over the Company or any of its assets or businesses (each, a "**Governmental Entity**"), including, without limitation, those relating to environmental laws and regulations except for such violations that would not reasonably be expected to result in a Material Adverse Change (as defined below).

2.4.3. Prior Securities Transactions. No securities of the Company have been sold by the Company or by or on behalf of, or for the benefit of, any person or persons controlling, controlled by or under common control with the Company, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Preliminary Prospectus.

2.4.4. Regulations. The disclosures in the Registration Statement, the Pricing Disclosure Package and the Prospectus concerning the effects of material applicable federal, state, local and any applicable foreign laws, rules and regulations relating to the Offering and the Company's business as currently conducted or contemplated are correct and complete in all material respects and no other such laws, rules or regulations are required to be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus which are not so disclosed.

2.4.5. No Other Distribution of Offering Materials. The Company has not, directly or indirectly, distributed and will not distribute any offering material in connection with the Offering other than any Preliminary Prospectus, any Issuer Free Writing Prospectus, the Prospectus and other materials, if any, permitted under the Securities Act and consistent with Section 3.2 below.

2.5. Changes After Dates in Registration Statement.

2.5.1. No Material Adverse Change. Since the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except as otherwise specifically stated therein: (i) there has been no material adverse change in the financial condition or results of operations of the Company on a consolidated basis, or its business or assets nor, to the Company's knowledge, any change or development that, individually or in the aggregate, would have a material adverse effect on the condition (financial or otherwise), results of operations, business, assets or prospects of the Company (a "**Material Adverse Change**"); (ii) there have been no material transactions entered into by the Company except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, other than as contemplated pursuant to this Agreement; and (iii) no executive officer or director of the Company has resigned from any position with the Company.

2.5.2. Recent Securities Transactions. Subsequent to the respective dates as of which information is given in the Registration Statement, the Pricing Disclosure Package and the Prospectus, and except as may otherwise be indicated or contemplated herein or disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not: (i) issued any securities, other than shares issued or issuable pursuant to then outstanding convertible securities, which in each case were disclosed in the Prospectus, Pricing Disclosure Package or the Registration Statement, or incurred any liability or obligation, direct or contingent, for borrowed money; or (ii) declared or paid any dividend or made any other distribution on or in respect to its capital stock.

2.6. Disclosures in Commission Filings. None of the Company's filings with, or other documents furnished to, the Commission contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to the Underwriters' Information.

2.7. Independent Accountants. Rosenberg Rich Baker Berman, P.A. (the "**Auditor**"), whose report is filed with the Commission as part of the Registration Statement, the Pricing Disclosure Package and the Prospectus, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and is currently registered and in good standing with the Public Company Accounting Oversight Board ("**PCAOB**"), including the rules and regulations promulgated by such entity. The Auditor has not, during the periods covered by the financial statements included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, provided to the Company any non-audit services, within the meaning of such term in Section 10A(g) of the Exchange Act.

2.8. Financial Statements, etc. The financial statements, including the notes thereto and supporting schedules (if any) included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, fairly in all material respects present the balance sheets, the statements of operations, statements of stockholders' equity (deficits) and the statements of cash flows of the Company at the dates and for the periods to which they apply; and such financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("**GAAP**"), consistently applied throughout the periods involved (provided that unaudited interim financial statements are subject to year-end audit adjustments that are not expected to be material in the aggregate and do not contain all footnotes required by GAAP); and the supporting schedules, if any, included in the Registration Statement present fairly in all material respects the information required to be stated therein. Except as included therein, no other historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, the Pricing Disclosure Package or the Prospectus under the Securities Act or the Securities Act Regulations. The "as adjusted" financial information and the related notes, if any, included in the Registration Statement, the Pricing Disclosure Package and the Prospectus present fairly in all material respects the information shown therein, and, in the judgment of the Company, the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. The Company has no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (a) since the date of the last balance sheet included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not incurred any material liabilities or obligations, direct or contingent, or entered into any material transactions other than in the ordinary course of business, (b) the Company has not declared or paid any dividends or made any distribution of any kind with respect to its capital stock, (c) there has not been any change in the capital stock of the Company, or, other than in the ordinary course of business, any grants under any stock compensation plan, and (d) there has not been any Material Adverse Change in the Company's long-term or short-term debt. The Company represents that it has no direct or indirect subsidiaries.

2.9. Authorized Capital; Options The Company had, at the date or dates indicated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the duly authorized, issued and outstanding capitalization as set forth therein. Based on the assumptions stated in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company will have on the Closing Date or on the Option Closing Date, as the case may be, the adjusted stock capitalization set forth therein. Except as set forth in, or contemplated by, the Registration Statement, the Pricing Disclosure Package and the Prospectus, on the Effective Date, as of the Applicable Time and on the Closing Date and any Option Closing Date, there will be no stock options, warrants, or other rights to purchase or otherwise acquire any authorized, but unissued shares of Common Stock of the Company or any security convertible into or exercisable for any class of capital stock of the Company, or any contracts or commitments to issue or sell any class of capital stock or any such options, warrants, rights or convertible securities.

2.10. Valid Issuance of Securities

2.10.1. Outstanding Securities. All issued and outstanding securities of the Company issued prior to the transactions contemplated by this Agreement have been duly authorized and validly issued and are fully paid and non-assessable; the holders thereof have no rights of rescission or the ability to require the Company to repurchase such securities with respect thereto, and are not subject to personal liability by reason of being such holders; and none of such securities were issued in violation of the preemptive rights, rights of first refusal or rights of participation of any holders of any security of the Company or similar contractual rights granted by the Company. The authorized shares of Common Stock conform in all material respects to all statements relating thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus. All offers and sales of the outstanding Common Stock, options, warrants and other rights to purchase or exchange such securities for shares of Common Stock were at all relevant times either registered under the Securities Act and the applicable state securities or "blue sky" laws or based in part on the representations and warranties of the purchasers of such shares or other securities, exempt from such registration requirements. The Company has no stock option, stock bonus and other stock or equity compensation plans or arrangements other than those described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.10.2. Securities Sold Pursuant to this Agreement. The Public Securities and Representative's Securities have been duly authorized for issuance and sale and, when issued and paid for, will be validly issued, fully paid and non-assessable; the holders thereof will not be subject to personal liability by reason of being such holders; the Public Securities and Representative's Securities are not and will not be subject to the preemptive rights of any holders of any security of the Company or similar contractual rights granted by the Company; and all corporate action required to be taken for the authorization, issuance and sale of the Public Securities and Representative's Securities has been duly and validly taken. The Public Securities and Representative's Securities conform in all material respects to all statements with respect thereto contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.11. Registration Rights of Third Parties. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no holders of any securities of the Company or any options, warrants, rights or other securities exercisable for or convertible or exchangeable into securities of the Company have the right to require the Company to register any such securities of the Company under the Securities Act or to include any such securities in a registration statement to be filed by the Company.

2.12. Validity and Binding Effect of Agreements. Each of this Agreement and the Representative's Warrant Agreement has been duly and validly authorized by the Company, and, when executed and delivered by the Company, will constitute, the legal valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except in each case: (i) as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) as enforceability of any indemnification or contribution provision may be limited under the federal and state securities laws; and (iii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to the equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

2.13. No Conflicts. The execution, delivery and performance by the Company of this Agreement, the Representative's Warrant Agreement and all other documents ancillary hereto and thereto, the consummation by the Company of the transactions herein and therein contemplated and the compliance by the Company with the terms hereof and thereof do not and will not, with or without the giving of notice or the lapse of time or both: (i) result in any violation of the provisions of the Company's Certificate of Incorporation (as amended or restated from time to time, the "**Charter**") or the bylaws of the Company (the "**Bylaws**"); (ii) result in a material breach or violation of, or conflict in any material respect with any of the terms and provisions of, or constitute a material default under, or result in the creation, modification, termination or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to the terms of any agreement or instrument to which the Company is a party or as to which any property of the Company is subject; or (iii) violate any applicable law, rule, regulation, judgment, order or decree of any Governmental Entity as of the date hereof; except in the case of clause (iii) above, for those violations, which (individually or in the aggregate) have not resulted, or would not reasonably be expected to result, in a Material Adverse Change.

2.14. No Defaults; Violations. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no default exists in the due performance and observance of any term, covenant or condition of any material license, contract, indenture, mortgage, deed of trust, note, loan or credit agreement, or any other agreement or instrument evidencing an obligation for borrowed money, or any other material agreement or instrument to which the Company is a party or by which the Company may be bound or to which any of the properties or assets of the Company is subject, except, in each case, for those defaults which have not resulted, or would not reasonably be expected to result, in a Material Adverse Change. The Company is not in violation of any franchise, license, permit, applicable law, rule, regulation, judgment, order or decree of any Governmental Entity, except for such that which have not resulted, or would not reasonably be expected to result, in a Material Adverse Change.

2.15. Corporate Power; Licenses; Consents.

2.15.1. Conduct of Business. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has all requisite corporate power and authority, and has all necessary authorizations, approvals, orders, licenses, certificates, and permits (collectively, "**Authorizations**") of and from all Governmental Entities required as of the date hereof for the Company to conduct its business as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, except, in each case, where the failure to have such Authorizations has not resulted, and would not reasonably be expected to result, in a Material Adverse Change.

2.15.2. Transactions Contemplated Herein. The Company has all corporate power and authority to enter into this Agreement and the Representative's Warrant Agreement and to carry out the provisions and conditions hereof and thereof, and all Authorizations required in connection therewith have been obtained. No Authorization of, and no filing with, any Governmental Entity is required for the valid issuance, sale and delivery of the Public Securities and the Representative's Securities and the consummation of the transactions and agreements contemplated by this Agreement and the Representative's Warrant Agreement and as contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, except with respect to applicable federal and state securities, the rules of The Nasdaq Stock Market, LLC and the rules and regulations of FINRA.

2.16. D&O Questionnaires. All information contained in the questionnaires (the "**Questionnaires**") completed by each of the Company's directors and officers prior to the Offering (the "**Insiders**") as supplemented by all information concerning the Company's directors and officers set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus provided to the Representative and its counsel, is, to the knowledge of the Company, true and correct and the Company has not become aware of any information which would cause the information disclosed in the Questionnaires to become materially inaccurate or incomplete in any material respect.

2.17. Litigation; Governmental Proceedings. There is no action, suit, proceeding, inquiry, arbitration, investigation, litigation or governmental proceeding pending or, to the Company's knowledge, threatened, against, or involving the Company or, to the Company's knowledge, any executive officer or director which has not been disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, or in connection with the Company's listing application for the listing of the Public Securities on the Exchange, which individually or in the aggregate, if determined adversely to the Company would reasonably be expected to have a Material Adverse Change.

2.18. Good Standing. The Company has been duly incorporated and is validly existing as a corporation and is in good standing under the laws of the State of Delaware, as of the date hereof. The Company is duly qualified to do business and is in good standing as a foreign corporation in each other jurisdiction in which its ownership or lease of property or the conduct of business requires such qualification, except where the failure to be so qualified or in good standing, individually or in the aggregate, has not resulted, and would not reasonably be expected to result, in a Material Adverse Change.

2.19. Insurance. On the Closing Date the Company will carry or will be entitled to the benefits of insurance (including, without limitation, directors' and officers' insurance), with reputable insurers, in such amounts and covering such risks which the Company believes are adequate, and all such insurance is in full force and effect, except where the failure to maintain such insurance has not resulted, and would not reasonably be expected to result in a Material Adverse Change. The Company has no reason to believe that it will not be able (i) to renew its existing insurance coverage as and when such policies expire or (ii) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not reasonably be expected to result in a Material Adverse Change.

2.20 Transactions Affecting Disclosure to FINRA.

2.20.1. Finder's Fees. Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no claims, payments, arrangements, agreements or understandings relating to the payment of a finder's, consulting or origination fee by the Company or, to the Company's knowledge, any Insider with respect to the sale of the Public Securities hereunder or any other arrangements, agreements or understandings of the Company or, to the Company's knowledge, any of its stockholders that may affect the Underwriters' compensation, as determined by FINRA and, neither the Company nor, to the Company's knowledge any Insider has paid any moneys or other compensation or issued any securities to any member of FINRA, or to any affiliate or associate of such a member, or to any person in consideration for such person raising funds for the Company, or providing consulting services to the Company regarding this Offering and no such compensation has heretofore been paid to any third party regarding this Offering.

2.20.2. Payments Within Twelve (12) Months. Except as disclosed in writing to the Representative or as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has not made any direct or indirect payments in connection with the Offering (in cash, securities or otherwise) to: (i) any person, as a finder's fee, consulting fee or otherwise, in consideration of such person raising capital for the Company or introducing to the Company persons who raised or provided capital to the Company; (ii) any FINRA member; or (iii) any person or entity that has any direct or indirect affiliation or association with any FINRA member, within the twelve (12) months prior to the Effective Date, other than the payment to the Underwriters as provided hereunder in connection with the Offering.

2.20.3. Use of Proceeds. None of the net proceeds of the Offering will be paid by the Company to any participating FINRA member or its affiliates, except as specifically authorized herein.

2.20.4. FINRA Affiliation. To the Company's knowledge, there is no (i) officer or director of the Company, (ii) beneficial owner of 10% or more of any class of the Company's securities or (iii) beneficial owner of the Company's unregistered equity securities, who acquired any equity securities of the Company during the 180-day period immediately preceding the filing of the Registration Statement that is an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

2.20.5. Information. All information provided by the Company in its FINRA questionnaire to Underwriters Counsel specifically for use in connection with its public offering system ("**Public Offering System**") filings (and related disclosure) with FINRA is true, correct and complete in all material respects.

2.21. Foreign Corrupt Practices Act. None of the Company or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any other person acting on behalf of the Company, has, directly or indirectly, given or agreed to give any money, gift or similar benefit (other than legal price concessions to customers in the ordinary course of business) to any customer, supplier, employee or agent of a customer or supplier, or official or employee of any Governmental Entity (domestic or foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company (or assist it in connection with any actual or proposed transaction) that (i) might subject the Company to any damage or penalty in any civil, criminal or governmental litigation or proceeding, (ii) if not given in the past, might have had a Material Adverse Change or (iii) if not continued in the future, might adversely affect the assets, business, operations or prospects of the Company. The Company has taken reasonable steps to ensure that its accounting controls and procedures are sufficient to cause the Company to comply in all material respects with the Foreign Corrupt Practices Act of 1977, as amended.

2.22. Compliance with OFAC. None of the Company or, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any other person acting on behalf of the Company, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**"), and the Company will not, directly or indirectly, use the proceeds of the Offering hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

2.23 Money Laundering Laws. The operations of the Company are and have been conducted at all times in material compliance in all material respects with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, including the Money Laundering Control Act of 1986, as amended, and the rules and regulations thereunder and any related or similar money laundering statutes, rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, "**Money Laundering Laws**"); and no action, suit or proceeding by or before any Governmental Entity involving the Company with respect to Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

2.24 Officers' Certificate. Any certificate signed by any duly authorized officer of the Company and delivered to the Representative or to Underwriters Counsel on the Closing Date or on the Option Closing Date shall be deemed a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

2.25. Lock-Up Agreements. Schedule 4 hereto contains a complete and accurate list of the Company's officers, directors and each owner of 5% or more of the Company's outstanding Common Stock (or securities convertible, exchangeable or exercisable into Common Stock) (collectively, the "**Lock-Up Parties**"). The Company has caused each of the Lock-Up Parties, excluding Masimo Corporation, to deliver to the Representative an executed Lock-Up Agreement, substantially in the form of Exhibit B hereto **(**the "**Lock-Up Agreement**"), prior to the execution of this Agreement.

2.26. [Reserved.]

2.27. Related Party Transactions. There are no business relationships or related party transactions involving the Company or any other person required to be described in the Registration Statement, the Pricing Disclosure Package and the Prospectus that have not been described as required.

2.28. Board of Directors. The Board of Directors of the Company is comprised of the persons set forth under the heading of the Pricing Prospectus and the Prospectus captioned "Management." The qualifications of the persons serving as board members and the overall composition of the board comply with the Exchange Act, the rules and regulations of the Commission promulgated thereunder (the "**Exchange Act Regulations**"), the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder (the "**Sarbanes-Oxley Act**") applicable to the Company and the listing rules of the Exchange. At least one member of the Audit Committee of the Board of Directors of the Company qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange. In addition, at least a majority of the persons serving on the Board of Directors qualify as "independent," as defined under the listing rules of the Exchange.

2.29. Sarbanes-Oxley Compliance.

2.29.1. Disclosure Controls. The Company has taken all necessary actions to ensure that, in the time periods required, the Company will comply in all material respects with Rule 13a-15 or 15d-15 under the Exchange Act Regulations, and such controls and procedures will be effective to ensure that all material information concerning the Company will be made known on a timely basis to the individuals responsible for the preparation of the Company's Exchange Act filings and other public disclosure documents.

2.29.2. Compliance. The Company is and at the Applicable Time and on the Closing Date will be, in material compliance with the provisions of the Sarbanes-Oxley Act applicable to it, and has implemented or will implement such programs and has taken reasonable steps to ensure the Company's future compliance (not later than the relevant statutory and regulatory deadlines therefor) with all of the material provisions of the Sarbanes-Oxley Act then applicable to it.

2.30. Accounting Controls. The Company is in the process of establishing systems of "internal control over financial reporting" (as defined under Rules 13a-15 and 15d-15 under the Exchange Act Regulations) that will comply in all material respects with the requirements of the Exchange Act and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, including, but not limited to, internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses in its internal controls. The Company's auditors and the Board of Directors of the Company have been advised of: (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are known to the Company's management and that have adversely affected or are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and (ii) any fraud known to the Company's management, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

2.31. No Investment Company Status. The Company is not and, after giving effect to the Offering and the application of the net proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be, required to register as an "investment company," as defined in the Investment Company Act of 1940, as amended.

2.32. No Labor Disputes. No labor dispute with the employees of the Company exists or, to the knowledge of the Company, is threatened. The Company is not aware that any key employee or significant group of employees of the Company plans to terminate employment with the Company.

2.33. Intellectual Property Rights. The Company owns or possesses or has valid rights to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights, licenses, inventions, trade secrets and similar rights ("**Intellectual Property Rights**") described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and necessary for the conduct of the business of the Company as currently carried on and as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus. To the knowledge of the Company and except as may be disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, no action or use by the Company necessary for the conduct of its business as currently carried on and as described in the Registration Statement and the Prospectus will involve or give rise to any infringement of, or license or similar fees for, any Intellectual Property Rights of others, other than potential claims that would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change. The Company has not received any notice alleging any such infringement, fee or conflict with asserted Intellectual Property Rights of others. Except as would not reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change (A) to the knowledge of the Company, there is no infringement, misappropriation or violation by third parties of any of the Intellectual Property Rights owned by the Company; (B) there is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or claim by others challenging the rights of the Company in or to any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim, that would, individually or in the aggregate, together with any other claims in this Section 2.33, reasonably be expected to result in a Material Adverse Change; (C) the Intellectual Property Rights owned by the Company and, to the knowledge of the Company, the Intellectual Property Rights licensed to the Company have not been adjudged by a court of competent jurisdiction invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims in this Section 2.33, reasonably be expected to result in a Material Adverse Change; (D) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company infringes, misappropriates or otherwise violates any Intellectual Property Rights or other proprietary rights of others, the Company has not received any written notice of such claim and the Company is unaware of any other facts which would form a reasonable basis for any such claim that would, individually or in the aggregate, together with any other claims referred to in this Section 2.33, reasonably be expected to result in a Material Adverse Change; and (E) to the Company's knowledge, no employee of the Company is in or has ever been in violation in any material respect of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company, or actions undertaken by the employee while employed with the Company and could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change. To the Company's knowledge, all material technical information developed by and belonging to the Company which has not been patented has been kept confidential. The Company is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity that are required to be set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus and are not described therein. To the knowledge of the Company, none of the technology employed by the Company has been obtained or is knowingly being used by the Company in material violation of any contractual obligation binding on the Company or, to the Company's knowledge, any of its officers, directors or employees, or otherwise in material violation of the rights of any persons.

2.34. Taxes. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Change, the Company has: (i) filed all returns (as hereinafter defined) required to be filed with taxing authorities prior to the date hereof or has duly obtained extensions of time for the filing thereof; and (ii) paid all taxes (as hereinafter defined) shown as due on such returns that were filed and has paid all taxes imposed on or assessed against the Company. The provisions for taxes payable, if any, shown on the financial statements filed with or as part of the Registration Statement are sufficient for all accrued and unpaid taxes, whether or not disputed, and for all periods to and including the dates of such consolidated financial statements. Except as disclosed in writing to the Underwriters, (i) no issues have been raised (and are currently pending) by any taxing authority in connection with any of the returns or taxes asserted as due from the Company, and (ii) no waivers of statutes of limitation with respect to the returns or collection of taxes have been given by or requested from the Company. There are no tax liens against the assets, properties or business of the Company other than liens for taxes not yet delinquent or being contested in good faith by appropriate proceedings and for which reserves in accordance with GAAP have been established in the Company's books and records or liens the foreclosure of which, individually and in the aggregate, would not result in a Material Adverse Change. The term "**taxes**" means all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto. The term "**returns**" means all returns, declarations, reports, statements and other documents required to be filed in respect to taxes.

2.35. ERISA Compliance. The Company and any "employee benefit plan" (as defined under the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (collectively, "**ERISA**")) established or maintained by the Company or its "ERISA Affiliates" (as defined below) are in compliance in all material respects with ERISA. "**ERISA Affiliate**" means, with respect to the Company, any member of any group of organizations described in Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended, and the regulations and published interpretations thereunder (the "**Code**") of which the Company is a member. No "reportable event" (as defined under ERISA) has occurred or is reasonably expected to occur with respect to any "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates. No "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates, if such "employee benefit plan" were terminated, would have any "amount of unfunded benefit liabilities" (as defined under ERISA). Neither the Company nor any of its ERISA Affiliates has incurred or reasonably expects to incur any material liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "employee benefit plan" or (ii) Sections 412, 4971, 4975 or 4980B of the Code. Each "employee benefit plan" established or maintained by the Company or any of its ERISA Affiliates that is intended to be qualified under Section 401(a) of the Code is so qualified and, to the knowledge of the Company, nothing has occurred, whether by action or failure to act, which would cause the loss of such qualification.

2.36. Compliance with Laws. The Company: (A) is and at all times has been in compliance with all statutes, rules, or regulations applicable to the business of the Company as currently conducted ("**Applicable Laws**"), except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Change; (B) has not received any warning letter or other correspondence or notice from any Governmental Entity alleging or asserting noncompliance with any Applicable Laws or any Authorizations; (C) possesses all material Authorizations and such Authorizations are valid and in full force and effect and are not in material violation of any term of any such Authorizations; (D) has not received notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any Governmental Entity or third party alleging that any activity conducted by the Company is in violation of any Applicable Laws or Authorizations and has no knowledge that any such Governmental Entity or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (E) has not received written notice that any Governmental Entity has taken, is taking or intends to take action to limit, suspend, modify or revoke any Authorizations and has no knowledge that any such Governmental Entity is considering such action; and (F) has filed, obtained, maintained or submitted all material reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Laws or Authorizations and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

2.37. Emerging Growth Company. From the time of the initial submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly in or through any person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "**Emerging Growth Company**"). "**Testing-the-Waters Communication**" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act. The Company has not (i) alone engaged in any Testing-the-Waters Communications, other than Testing-the-Waters Communications with the written consent of the Representative and with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act and (ii) authorized anyone other than the Representative to engage in Testing-the-Waters Communications. The Company confirms that the Representative has been authorized to act on its behalf in undertaking Testing-the-Waters Communications.

2.38. Environmental Laws. The Company is in compliance with all foreign, federal, state and local rules, laws and regulations relating to the use, treatment, storage and disposal of hazardous or toxic substances or waste and protection of health and safety or the environment which are applicable to their businesses ("**Environmental Laws**"), except where the failure to comply would not, singularly or in the aggregate, result in a Material Adverse Change. There has been no storage, generation, transportation, handling, treatment, disposal, discharge, emission, or other release of any kind of toxic or other wastes or other hazardous substances by, due to, or caused by the Company (or, to the Company's knowledge, any other entity for whose acts or omissions the Company is or may otherwise be liable) upon any of the property now or previously owned or leased by the Company, in violation of any law, statute, ordinance, rule, regulation, order, judgment, decree or permit or which would, under any law, statute, ordinance, rule (including rule of common law), regulation, order, judgment, decree or permit, give rise to any liability, except for any violation or liability which would not have, singularly or in the aggregate with all such violations and liabilities, a Material Adverse Change; and there has been no disposal, discharge, emission or other release of any kind onto such property or into the environment surrounding such property of any toxic or other wastes or other hazardous substances with respect to which the Company has knowledge, except for any such disposal, discharge, emission, or other release of any kind which would not have, singularly or in the aggregate with all such discharges and other releases, a Material Adverse Change.

2.39. Title to Property. Except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company has good and marketable title in fee simple to, or have valid rights to lease or otherwise use, all items of real or personal property which are material to the business of the Company, in each case free and clear of all liens, encumbrances, security interests, claims and defects that do not, singly or in the aggregate, materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company; and all of the leases and subleases material to the business of the Company, and under which the Company holds properties described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, are in full force and effect, and the Company has not received any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company to the continued possession of the leased or subleased premises under any such lease or sublease.

2.40. Contracts Affecting Capital. There are no transactions, arrangements or other relationships between and/or among the Company, any of its affiliates (as such term is defined in Rule 405 under the Securities Act) and any unconsolidated entity, including, but not limited to, any structured finance, special purpose or limited purpose entity that could reasonably be expected to materially affect the Company's liquidity or the availability of or requirements for their capital resources required to be described or incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus which have not been described or incorporated by reference as required.

2.41. Loans to Directors or Officers. There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees or indebtedness by the Company to or for the benefit of any of the officers or directors of the Company or any of their respective family members, except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

2.42. Ineligible Issuer. At the time of filing the Registration Statement and any post-effective amendment thereto, at the Effective Date and at the time of any amendment thereto, at the earliest time thereafter that the Company or the Underwriter made a bona fide offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Public Securities and at the Effective Date, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

2.43. Smaller Reporting Company. As of the time of filing of the Registration Statement, the Company was a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act Regulations.

2.44. Industry Data. The statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate or represent the Company's good faith estimates that are made on the basis of data derived from such sources.

2.45. Electronic Road Show. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) of the Securities Act Regulations such that no filing of any "road show" (as defined in Rule 433(h) of the Securities Act Regulations) is required in connection with the Offering.

2.46. Margin Securities. The Company owns no "margin securities" as that term is defined in Regulation U of the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**"), and none of the proceeds of Offering will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the Common Stock to be considered a "purpose credit" within the meanings of Regulation T, U or X of the Federal Reserve Board.

2.47. Forward-Looking Statements. No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

2.48. Integration. Neither the Company nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause the Offering to be integrated with prior offerings by the Company for purposes of the Securities Act that would require the registration of any such securities under the Securities Act.

2.49. Confidentiality and Non-Competition. To the Company's knowledge, no director, officer, key employee or consultant of the Company is subject to any confidentiality, non-disclosure, non-competition agreement or non-solicitation agreement with any employer (other than the Company) or prior employer that could materially affect his or her ability to be and act in his or her respective capacity of the Company or reasonably be expected to result in a Material Adverse Change.

2.50. Corporate Records. The minute books of the Company have been made available to the Representative and Underwriters Counsel and such books (i) contain minutes of all material meetings and actions of the Board of Directors (including each board committee) and stockholders of the Company, and (ii) reflect all material transactions referred to in such minutes.

2.51. Diligence Materials. The Company has provided to the Representative and Underwriters Counsel all materials required or necessary to respond in all material respects to the diligence request submitted to the Company or its counsel by the Representative.

2.52. Stabilization. Neither the Company nor, to its knowledge, any of its employees, directors or stockholders (without the consent of the Representative) has taken, directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

3. Covenants of the Company. The Company covenants and agrees as follows:

3.1. Amendments to Registration Statement. Until the later of the Closing Date and the exercise in full or expiration of the Over-Allotment Option specified in Section 1.2 hereof, the Company shall deliver to the Representative, prior to filing, any amendment or supplement to the Registration Statement or Prospectus proposed to be filed after the Effective Date and not file any such amendment or supplement to which the Representative shall reasonably object in writing.

3.2. Federal Securities Laws.

3.2.1. Compliance. Until the later of the Closing Date and the exercise in full or expiration of the Over-Allotment Option specified in Section 1.2 hereof, the Company, subject to Section 3.2.2, shall comply in all material respects with the requirements of Rule 430A of the Securities Act Regulations, and will notify the Representative promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed; (ii) of its receipt of any comments from the Commission; (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information; (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, or of the suspension of the qualification of the Public Securities and Representative's Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the Offering of the Public Securities and Representative's Securities. The Company shall effect all filings required under Rule 424(b) of the Securities Act Regulations, in the manner and within the time period required by Rule 424(b), and shall take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

3.2.2. Continued Compliance. The Company shall comply in all material respects with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of the distribution of the Public Securities as contemplated in this Agreement and in the Registration Statement, the Pricing Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations ("**Rule 172**"), would be) required by the Securities Act to be delivered in connection with sales of the Public Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel to the Company or to the underwriters, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) amend or supplement the Pricing Disclosure Package or the Prospectus in order that the Pricing Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the Pricing Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the Securities Act or the Securities Act Regulations, the Company will promptly (A) give the Representative notice of such event; (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the Pricing Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representative with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representative or Underwriters Counsel shall reasonably object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request. The Company will give the Representative notice of any filings made pursuant to the Exchange Act or the Exchange Act Regulations within two (2) Business Days prior to the Applicable Time. The Company shall give the Representative notice of its intention to make any such filing from the Applicable Time until the later of the Closing Date and the exercise in full or expiration of the Over-Allotment Option specified in Section 1.2 hereof and will furnish the Representative with copies of the related document(s) a reasonable amount of time prior to such proposed filing, as the case may be, and will not file or use any such document to which the Representative or its counsel shall reasonably object.

3.2.3. Exchange Act Registration. The Company shall use its commercially reasonable efforts to maintain the registration of the Common Stock under the Exchange Act (except in connection with a going-private transaction) for a period of three years from the Effective Date, or until the Company is liquidated or is acquired, if earlier. For a period of three years from the Effective Date, the Company shall not deregister any of the Common Stock under the Exchange Act without prior written notice to the Representative

3.2.4. Free Writing Prospectuses. The Company agrees that, unless it obtains the prior written consent of the Representative, it shall not make any offer relating to the Public Securities that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representative shall be deemed to have consented to each Issuer General Use Free Writing Prospectus set forth in Schedule 3-B. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Representative as an "issuer free writing prospectus," as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representative and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

3.2.5. Testing-the-Waters Communications. If at any time following the distribution of any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 of the Securities Act Regulations (a "**Written Testing-the-Waters Communication**") there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company shall promptly notify the Representative and shall promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

3.3. Delivery to the Underwriters of Registration Statements. The Company has delivered or made available or shall deliver or make available to the Representative and Underwriters Counsel, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to each Underwriter, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) upon receipt of a written request therefor from such Underwriter. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.4. Delivery to the Underwriters of Prospectuses. The Company has delivered or made available or will deliver or make available to each Underwriter, without charge, as many copies of each Preliminary Prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the Securities Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations, would be) required to be delivered under the Securities Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

3.5. Effectiveness and Events Requiring Notice to the Representative. The Company shall use its commercially reasonable efforts to cause the Registration Statement to remain effective with a current prospectus for at least nine (9) months after the Applicable Time, and shall notify the Representative promptly and confirm the notice in writing: (i) of the effectiveness of the Registration Statement and any amendment thereto; (ii) of the issuance by the Commission of any stop order or of the initiation, or the threatening, of any proceeding for that purpose; (iii) of the issuance by any state securities commission of any proceedings for the suspension of the qualification of the Public Securities for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose; (iv) of the mailing and delivery to the Commission for filing of any amendment or supplement to the Registration Statement or Prospectus; (v) of the receipt of any comments or request for any additional information from the Commission; and (vi) of the occurrence of any event during the period described in this Section 3.5 that, in the reasonable judgment of the Company, makes any statement of a material fact made in the Registration Statement, the Pricing Disclosure Package or the Prospectus untrue or that requires the making of any changes in (a) the Registration Statement in order to make the statements therein not misleading, or (b) in the Pricing Disclosure Package or the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Commission or any state securities commission shall enter a stop order or suspend such qualification at any time, the Company shall use its commercially reasonable efforts to obtain promptly the lifting of such order.

3.6. Review of Financial Statements. For a period of three (3) years after the date of this Agreement, the Company, at its expense, shall cause its regularly engaged independent registered public accounting firm to review (but not audit) the Company's financial statements for each of the three fiscal quarters immediately preceding the announcement of any quarterly financial information.

3.7. Listing. The Company shall use its commercially reasonable efforts to maintain the listing of the Common Stock (including the Option Shares) on the Exchange for at least three (3) years from the date of this Agreement.

3.8. PCAOB Firm; Investor Relations Firm. As of the Effective Date, the Company shall have retained: (i) a independent PCAOB registered public accounting firm, which will have responsibility for the preparation of the financial statements and the financial exhibits reasonably acceptable to the Representative and the Company, which shall initially be Rosenberg Rich Baker Berman, P.A. for at least three (3) year from the date of this Agreement; and (ii) a financial public relations firm reasonably acceptable to the Representative and the Company, which shall initially be Gilmartin Group which firm shall be experienced in assisting issuers in initial public offerings of securities and in their relations with their security holders for at least one (1) year from the date of this Agreement.

3.9. Reports to the Representative.

3.9.1. Periodic Reports. For a period of three (3) years after the date of this Agreement, the Company shall furnish or make available to the Representative copies of such financial statements and other periodic and special reports as the Company from time to time furnishes generally to holders of any class of its securities and also promptly furnish to the Representative: (i) a copy of each periodic report the Company shall be required to file with the Commission under the Exchange Act and the Exchange Act Regulations; (ii) a copy of every press release and every news item and article with respect to the Company or its affairs released by the Company; (iii) a copy of each Current Report on Form 8-K prepared and filed by the Company; (iv) a copy of each registration statement filed by the Company under the Securities Act; (v) a copy of each report or other communication furnished to stockholders and (vi) such additional documents and information with respect to the Company and the affairs of any future subsidiaries of the Company as the Representative may from time to time reasonably request; provided, that if the information requested is confidential information that is not publicly available, the Representative shall sign, if requested by the Company, a Regulation FD compliant confidentiality agreement which is reasonably acceptable to the Representative and Underwriters Counsel in connection with the Representative's receipt of such information. Documents filed with the Commission via its EDGAR system shall be deemed to have been delivered to the Representative pursuant to this Section 3.9.1.

3.9.2. Transfer Agent; Transfer Sheets. For a period of three (3) years after the date of this Agreement, the Company shall retain a transfer agent and registrar acceptable to the Representative (the "**Transfer Agent**") and, for one (1) year after the date of this Agreement, the Company shall furnish to the Representative at the Company's sole cost and expense such transfer sheets of the Company's securities as the Representative may reasonably request, including the daily and monthly consolidated transfer sheets of the Transfer Agent and DTC. Vstock Transfer LLC is acceptable to the Representative to act as Transfer Agent for the Common Stock.

3.10. Payment of Expenses. The Company hereby agrees to pay on each of the Closing Date and the Option Closing Date, if any, to the extent not paid at the Closing Date, or upon demand if there is no Closing, all expenses related to the Offering or otherwise incident to the performance of the obligations of the Company under this Agreement, including, but not limited to: (a) all filing fees and communication expenses relating to the registration of the Common Stock to be sold in the Offering (including the Option Shares) with the Commission; (b) all Public Filing System filing fees associated with the review of the Offering by FINRA; (c) all fees and expenses relating to the listing of such Public Securities on the Exchange and such other stock exchange or exchanges as the Company and the Representative may together determine, including any fees charged by DTC; (d) all fees, expenses and disbursements relating to background checks of the Company's officers and directors; (e) all fees, expenses and disbursements relating to the registration, qualification or exemption of the Public Securities under the securities laws of such states or foreign jurisdictions as the Representative may reasonably designate; (f) the costs of all mailing and printing of the underwriting documents (including, without limitation, the Underwriting Agreement, any Blue Sky Surveys and, if appropriate, any Agreement Among Underwriters, Selected Dealers' Agreement, Underwriters' Questionnaire and Power of Attorney), Registration Statements, Prospectuses and all amendments, supplements and exhibits thereto and as many preliminary and final Prospectuses as the Representative may reasonably deem necessary; (g) the costs and expenses of a public relations firm; (h) the costs of preparing, printing and delivering certificates representing the Public Securities; (i) fees and expenses of the transfer agent for the Common Stock; (j) stock transfer and/or stamp taxes, if any, payable upon the transfer of securities from the Company to the Underwriters; (k) the fees and expenses of the Company's accountants; (l) the fees and expenses of the Company's legal counsel and other agents and representatives; (m) the fees and expenses of Underwriters Counsel up to an amount of $125,000 (which maximum shall apply solely to such fees and disbursements of counsel and not to other fees and expenses provided for in this Section); (n) translation cost for due diligence purposes, the reasonable cost for roadshow meetings and the preparation of a power point presentation; and (o) the Underwriters' actual accountable expenses for the Offering, including, without limitation, expenses related to the "road show." Notwithstanding the foregoing, the Company's obligations to reimburse the Representative for any out-of-pocket expenses actually incurred as set forth in the preceding sentence shall not exceed $175,000 in the aggregate, including but not limited to travel, communication, third party expenses, etc., the legal fees and disbursements of Underwriters Counsel and road show expenses as described therein (provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement). Additionally, the Company had provided an expense advance (the "**Advance**") to the Representative of $25,000. The Advance shall be applied towards out-of-pocket expense set forth herein and any portion of the Advance shall be returned back to the Company to the extent not actually incurred. The Representative may deduct from the net proceeds of the Offering payable to the Company on the Closing Date, or the Option Closing Date, if any, the expenses set forth herein to be paid by the Company to the Underwriters other than amounts already advanced to the Representative. In addition, the Company hereby agrees to pay the Underwriter a non-accountable expense allowance computed at the rate of one percent (1.0%) of the gross proceeds of the Public Securities sold in the offering.

3.11. Application of Net Proceeds. The Company shall apply the net proceeds from the Offering received by it in a manner consistent with the application thereof described under the caption "Use of Proceeds" in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

3.12. Delivery of Earnings Statements to Security Holders. The Company shall make generally available to its security holders as soon as practicable, but not later than the first day of the fifteenth (15^{th}) full calendar month following the date of this Agreement, an earnings statement (which need not be certified by an independent registered public accounting firm unless required by the Securities Act or the Securities Act Regulations, but which shall satisfy the provisions of Rule 158(a) under Section 11(a) of the Securities Act) covering a period of at least twelve (12) consecutive months beginning after the date of this Agreement.

3.13. Stabilization. Neither the Company nor, to its knowledge, any of its employees, directors or stockholders has taken or shall take (without the prior written consent of the Representative), directly or indirectly, any action designed to or that has constituted or that might reasonably be expected to cause or result in, under Regulation M of the Exchange Act, or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Public Securities.

3.14. Internal Controls. The Company shall use its reasonable best efforts maintain a system of internal controls over financial reporting sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with GAAP and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.15. Accountants. As of the date of this Agreement, the Company has retained an independent registered public accounting firm, as required by the Securities Act and the Securities Act Regulations and the Public Company Accounting Oversight Board, reasonably acceptable to the Representative, and the Company shall continue to retain a nationally recognized independent registered public accounting firm for a period of at least three (3) years after the date of this Agreement. The Representative acknowledges that the Auditor is acceptable to the Representative.

3.16. FINRA. For a period of 60 days from the later of the Closing Date or the Option Closing Date, the Company shall advise the Representative (who shall make an appropriate filing with FINRA) if it is or becomes aware that (i) any officer or director of the Company, (ii) any beneficial owner of 10% or more of any class of the Company's securities or (iii) any beneficial owner of the Company's unregistered equity securities which were acquired during the 180 days immediately preceding the filing of the Registration Statement is or becomes an affiliate or associated person of a FINRA member participating in the Offering (as determined in accordance with the rules and regulations of FINRA).

3.17. No Fiduciary Duties. The Company acknowledges and agrees that the Underwriters' responsibility to the Company is solely contractual in nature and that none of the Underwriters or their affiliates or any selling agent shall be deemed to be acting in a fiduciary capacity, or otherwise owes any fiduciary duty to the Company or any of its affiliates in connection with the Offering and the other transactions contemplated by this Agreement.

3.18. Company and Insider Lock-Up Agreements.

3.18.1. Restriction on Sales of Capital Stock. The Company, on behalf of itself and any successor entity, agrees that, without the prior written consent of the Representative, it will not, for a period of one hundred and eighty (180) days after the date of this Agreement (the "**Lock- Up Period**"), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock of the Company or any securities convertible into or exercisable or exchangeable for shares of capital stock of the Company; or (ii) complete any offering of debt securities of the Company (other than debt securities convertible into shares of Common Stock of the Company); or (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of capital stock of the Company, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of shares of capital stock of the Company or such other securities, in cash or otherwise. The restrictions contained in this Section 3.18.1 shall not apply to (i) the shares of Common Stock to be sold hereunder, (ii) the issuance by the Company of shares of Common Stock upon the exercise of a stock option or warrant or the conversion of a security outstanding on the date hereof, of which the Representative has been advised in writing or as disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus, (iii) the issuance by the Company of stock options or shares of capital stock of the Company under any equity compensation plan of the Company, or (iv) the filing of a registration statement on Form S-8 with the Commission ("**Exempt Issuance**").

Notwithstanding the foregoing, if (i) during the last 17 days of the Lock-Up Period, the Company issues an earnings release or material news or a material event relating to the Company occurs, or (ii) prior to the expiration of the Lock-Up Period, the Company announces that it will release earnings results or becomes aware that material news or a material event will occur during the 16-day period beginning on the last day of the Lock-Up Period, the restrictions imposed by this Section 3.18.1 shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of such material news or material event, as applicable, unless the Representative waives, in writing, such extension; provided, however, that this extension of the Lock-Up Period shall not apply to the extent that FINRA has amended or repealed NASD Rule 2711(f)(4), or has otherwise provided written interpretive guidance regarding such rule, in each case, so as to eliminate the prohibition of any broker, dealer, or member of a national securities association from publishing or distributing any research report, with respect to the securities of an Emerging Growth Company prior to or after the expiration of any agreement between the broker, dealer, or member of a national securities association and the Emerging Growth Company or its stockholders that restricts or prohibits the sale of securities held by the Emerging Growth Company or its stockholders after the initial public offering date.

3.18.2 [Reserved].

3.18.3 Insider Lock-Up Agreements. The Company's directors and officers and any other holder of five (5%) percent or more of the outstanding shares of Common Stock as of the effective date of the Registration Statement, will enter into customary "lock-up" agreements in favor of the Representative pursuant to which such persons and entities will agree, for a period of one hundred and eighty (180) days from the Closing ("**D&O Lockup Period**"), that they will neither offer, issue, sell, contract to sell, encumber, grant any option for the sale of or otherwise dispose of any securities of the Company without Representative 's prior written consent.

3.19. Release of D&O Lock-up Period. If the Representative, in its sole discretion, agrees to release or waive the restrictions set forth in the Lock-Up Agreements described in Section 2.25 hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three (3) Business Days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two (2) Business Days before the effective date of the release or waiver.

3.20. Blue Sky Qualifications. The Company shall use its commercially reasonable efforts, in cooperation with the Underwriters, if necessary, to qualify the Public Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representative may reasonably designate and to maintain such qualifications in effect so long as required to complete the distribution of the Public Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

3.21. Reporting Requirements. The Company, during the period when a prospectus relating to the Public Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the Securities Act, will use its reasonable best efforts to file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and Exchange Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Public Securities as may be required under Rule 463 under the Securities Act Regulations.

3.22. Emerging Growth Company Status. The Company shall promptly notify the Representative if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Public Securities within the meaning of the Securities Act and (ii) fifteen (15) days following the completion of the Lock-Up Period.

3.23. Press Releases. Prior to the Closing Date and any Option Closing Date, the Company shall not issue any press release or other communication directly or indirectly or hold any press conference with respect to the Company, its condition, financial or otherwise, or earnings, business affairs or business prospects (except for routine oral marketing communications in the ordinary course of business and consistent with the past practices of the Company and of which the Representative is notified), without the prior written consent of the Representative, which consent shall not be unreasonably withheld, unless in the judgment of the Company and its counsel, and after notification to the Representative, such press release or communication is required by law.

3.24. Sarbanes-Oxley. The Company shall at all times comply in all material respects with all applicable provisions of the Sarbanes-Oxley Act in effect from time to time.

4. Conditions of Underwriters' Obligations. The obligations of the Underwriters to purchase and pay for the Public Securities, as provided herein, shall be subject to (i) the continuing accuracy of the representations and warranties of the Company as of the date hereof and as of each of the Closing Date and the Option Closing Date, if any; (ii) the accuracy of the statements of officers of the Company made pursuant to the provisions hereof; (iii) the performance by the Company of its obligations hereunder; and (iv) the following conditions:

4.1 Regulatory Matters.

4.1.1. Effectiveness of Registration Statement; Rule 430A Information. The Registration Statement shall have become effective not later than 5:30 p.m., Eastern time, on the date of this Agreement or such later date and time as shall be consented to in writing by the Representative, and, at each of the Closing Date and any Option Closing Date, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto shall have been issued by the Commission under the Securities Act, no order preventing or suspending the use of any Preliminary Prospectus or the Prospectus shall have been issued and no proceedings for any of those purposes shall have been instituted or are pending or, to the Company's knowledge, contemplated by the Commission. The Company has complied with each request (if any) from the Commission for additional information. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) under the Securities Act Regulations or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A under the Securities Act Regulations.

4.1.2. FINRA Clearance. On or before the date of this Agreement, the Representative shall have received clearance from FINRA as to the amount of compensation allowable or payable to the Underwriters as described in the Registration Statement.

4.1.3. Exchange Clearance. On the Closing Date, the shares of Common Stock underlying the Public Securities shall have been approved for listing on the Exchange, subject only to official notice of issuance. On the first Option Closing Date (if any), the Option Shares shall have been approved for listing on the Exchange, subject only to official notice of issuance.

4.2 Opinion Matters.

4.2.1. Closing Date Opinion of Company Counsel. On the Closing Date, the Representative shall have received (i) the opinion and (ii) a written statement providing certain "10b-5" negative assurances, in each case, of Lucosky Brookman LLP ("**Company Counsel**"), counsel to the Company, dated the Closing Date and addressed to the Representative, in form and substance reasonably satisfactory to the Representative and Underwriters Counsel.

4.2.2. Option Closing Date Opinions of Company Counsel. On the Option Closing Date, if any, the Representative shall have received the opinion of counsel and letter listed in Section 4.2.1, dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the opinion and statements made by such counsel in its opinion and negative assurance statement delivered on the Closing Date.

4.2.3 Closing Date Negative Assurance of Underwriters Counsel. On the Closing Date, the Representative shall have received a written statement providing certain "10b-5" negative assurances of Underwriters Counsel, dated the Closing Date and addressed to the Representative.

4.2.4 Option Closing Date Negative Assurance of Underwriters Counsel. On the Option Closing Date, if any, the Representative shall have received the letter listed in Section 4.2.3, dated the Option Closing Date, addressed to the Representative and in form and substance reasonably satisfactory to the Representative, confirming as of the Option Closing Date, the statements made by such counsel in its negative assurance statement delivered on the Closing Date.

4.3. Comfort Letters.

4.3.1. Cold Comfort Letter. At the time this Agreement is executed, the Representative shall have received a cold comfort letter from the Auditor containing statements and information of the type customarily included in accountants' comfort letters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus, addressed to the Representative as representative of the Underwriters and in form and substance satisfactory to Underwriters Counsel, dated as of the date of this Agreement.

4.3.2. Bring-down Comfort Letter. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received from the Auditor a letter, dated as of the Closing Date or the Option Closing Date, as applicable, to the effect that the Auditor reaffirms the statements made in the letter furnished pursuant to Section 4.3.1, except that the specified date referred to shall be a date not more than three (3) Business Days prior to the Closing Date or the Option Closing Date, as applicable.

4.4. Officers' Certificates.

4.4.1. Officers' Certificate. The Company shall have furnished to the Representative a certificate, dated the Closing Date and any Option Closing Date (if such date is other than the Closing Date), of its Chief Executive Officer or President stating on behalf of the Company and not in an individual capacity that (i) such officer has carefully examined the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus and the Prospectus and, such officer believes that the Registration Statement and each amendment thereto after the Effective Date, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date) did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Pricing Disclosure Package, as of the Applicable Time and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), any Issuer Free Writing Prospectus as of its date and as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the Prospectus and each amendment or supplement thereto after the Effective Date, as of the respective date thereof and as of the Closing Date, did not include any untrue statement of a material fact and did not omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (ii) since the Effective Date of the Registration Statement, no event has occurred which should have been set forth in a supplement or amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus, (iii) to the best of such officer's knowledge after reasonable investigation, as of the Closing Date (or any Option Closing Date if such date is other than the Closing Date), the representations and warranties of the Company in this Agreement are true and correct and the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date (or any Option Closing Date if such date is other than the Closing Date), and (iv) there has not been, subsequent to the date of the most recent audited financial statements included in the Pricing Disclosure Package, a Material Adverse Change.

4.4.2. Secretary's Certificate. At each of the Closing Date and the Option Closing Date, if any, the Representative shall have received a certificate of the Company signed by the Secretary of the Company, dated the Closing Date or the Option Closing Date, as the case may be, respectively, certifying on behalf of the Company and not in an individual capacity: (i) that each of the Charter and Bylaws is true and complete, has not been amended or modified and is in full force and effect; (ii) that the resolutions of the Company's Board of Directors relating to the Offering are in full force and effect and have not been modified or rescinded; and (iii) as to the incumbency of the officer of the Company who has signed the certificate set forth in Section 4.4.1. The documents referred to in such certificate shall be attached to such certificate.

4.5. No Material Changes. Prior to and on each of the Closing Date and each Option Closing Date, if any: (i) there shall have been no Material Adverse Change in the condition, financial or otherwise, business or prospects of the Company from the date of this Agreement; (ii) no action, suit or proceeding, at law or in equity, shall have been pending or, to the knowledge of the Company, threatened against the Company or any Insider before or by any court or federal or state commission, board or other administrative agency wherein an unfavorable decision, ruling or finding may reasonably be expected to cause a Material Adverse Change, except as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus; (iii) no stop order shall have been issued by the Commission under the Securities Act and no proceedings therefor shall have been initiated or threatened by the Commission; and (iv) the Registration Statement, the Pricing Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all material statements which are required to be stated therein in accordance with the Securities Act and the Securities Act Regulations and shall conform in all material respects to the requirements of the Securities Act and the Securities Act Regulations, and neither the Registration Statement, the Pricing Disclosure Package nor the Prospectus nor any amendment or supplement thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4.6. No Material Misstatement or Omission. The Underwriters shall not have discovered and disclosed to the Company on or prior to the Closing Date and any Option Closing Date that the Registration Statement or any amendment or supplement thereto contains an untrue statement of a fact which, in the opinion of Underwriters Counsel, is material or omits to state any fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or that the Registration Statement, the Pricing Disclosure Package, any Issuer Free Writing Prospectus or the Prospectus or any amendment or supplement thereto contains an untrue statement of fact which, in the opinion of Underwriters Counsel, is material or omits to state any fact which, in the opinion of Underwriters Counsel, is material and is necessary in order to make the statements, in the light of the circumstances under which they were made, not misleading.

4.7. Corporate Proceedings. All corporate proceedings and other legal matters incident to the authorization, form and validity of each of this Agreement, the Public Securities, the Registration Statement, the Pricing Disclosure Package, each Issuer Free Writing Prospectus, if any, and the Prospectus and all other legal matters relating to this Agreement, the Representative's Warrant Agreement and the transactions contemplated hereby and thereby shall be reasonably satisfactory in all material respects to Underwriters Counsel, and the Company shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

4.8. Delivery of Agreements.

4.8.1. Lock-Up Agreements. On or before the date of this Agreement, the Company shall have delivered to the Representative executed copies of the Lock-Up Agreements from each of the persons listed in Schedule 4 hereto.

4.8.2. Representative's Warrant Agreement. On the Closing Date, the Company shall have delivered to the Representative an executed copy of the Representative's Warrant Agreement as set forth in Exhibit A hereto.

4.9. Additional Documents. At the Closing Date and at each Option Closing Date (if any) Underwriters Counsel shall have been furnished with such documents as they may reasonably require for the purpose of enabling Underwriters Counsel to deliver an opinion to the Underwriters, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Public Securities and the Representative's Securities as herein contemplated shall be satisfactory in form and substance to the Representative and its counsel.

5. Indemnification.

5.1. Indemnification of the Underwriters.

5.1.1. General. The Company shall indemnify and hold harmless each Underwriter, its affiliates and each of its and their respective directors, officers, members, employees, representatives, partners, shareholders, affiliates, counsel and agents and each person, if any, who controls any such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively the "**Underwriter Indemnified Parties**," and each an "**Underwriter Indemnified Party**"), against any and all loss, liability, claim, damage and expense whatsoever (including but not limited to any and all legal or other expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever, between any of the Underwriter Indemnified Parties and any third party, or otherwise) to which they or any of them may become subject under the Securities Act, the Exchange Act or any other statute or at common law or otherwise or under the laws of foreign countries, arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in (i) the Registration Statement, the Pricing Disclosure Package, the Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus (as from time to time each may be amended and supplemented); (ii) any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the Offering, including any "road show" or investor presentations made to investors by the Company (whether in person or electronically); or (iii) any application or other document or written communication (in this Section 5, collectively called "**application**") executed by the Company or based upon written information furnished by the Company in any jurisdiction in order to qualify the Public Securities and Representative's Securities under the securities laws thereof or filed with the Commission, any state securities commission or agency, the Exchange or any other national securities exchange; or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission was made in reliance upon, and in conformity with, the Underwriters' Information. With respect to any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement, the Pricing Disclosure Package, the Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus, the indemnity agreement contained in this Section 5.1.1 shall not inure to the benefit of any Underwriter Indemnified Party to the extent that any loss, liability, claim, damage or expense of such Underwriter Indemnified Party results from the fact that a copy of the Prospectus was not given or sent to the person asserting any such loss, liability, claim or damage at or prior to the written confirmation of sale of the Public Securities to such person as required by the Securities Act and the Securities Act Regulations, and if the untrue statement or omission has been corrected in the Prospectus, unless such failure to deliver the Prospectus was a result of non-compliance by the Company with its obligations under Section 3.4 hereof.

5.1.2. Procedure. If any action is brought against an Underwriter Indemnified Party in respect of which indemnity may be sought against the Company pursuant to Section 5.1.1, such Underwriter Indemnified Party shall promptly notify the Company in writing of the institution of such action and the Company shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense of such action, including the employment and fees of counsel (subject to the reasonable approval of such Underwriter Indemnified Party) and payment of actual expenses. Such Underwriter Indemnified Party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such Underwriter Indemnified Party unless (i) the employment of such counsel at the expense of the Company shall have been authorized in writing by the Company in connection with the defense of such action, or (ii) the Company shall not have employed counsel to have charge of the defense of such action, or (iii) such indemnified party or parties shall have been advised by its counsel that there may be defenses available to it or them which are different from or additional to those available to the Company (in which case the Company shall not have the right to direct the defense of such action on behalf of the indemnified party or parties), in any of which events the reasonable fees and expenses of not more than one additional firm of attorneys selected by the Underwriter Indemnified Parties who are party to such action (in addition to local counsel) shall be borne by the Company. Notwithstanding anything to the contrary contained herein, if any Underwriter Indemnified Party shall assume the defense of such action as provided above, the Company shall have the right to approve the terms of any settlement of such action, which approval shall not be unreasonably withheld, conditioned or delayed.

5.2. Indemnification of the Company. Each Underwriter, severally and not jointly, shall indemnify and hold harmless the Company, its directors, its officers and persons who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all loss, liability, claim, damage and expense described in the foregoing indemnity from the Company to the several Underwriters, as incurred, but only with respect to such losses, liabilities, claims, damages and expenses (or actions in respect thereof) which arise out of or are based upon untrue statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or in any application, in reliance upon, and in strict conformity with, the Underwriters' Information. In case any action shall be brought against the Company or any other person so indemnified based on any Preliminary Prospectus, the Registration Statement, the Pricing Disclosure Package or Prospectus or any amendment or supplement thereto or any application, and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each other person so indemnified shall have the rights and duties given to the several Underwriters by the provisions of Section 5.1.2. The Company agrees promptly to notify the Representative of the commencement of any litigation or proceedings against the Company or any of its officers, directors or any person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, in connection with the issuance and sale of the Public Securities or in connection with the Registration Statement, the Pricing Disclosure Package, the Prospectus or any Issuer Free Writing Prospectus.

5.3. Contribution.

5.3.1. Contribution Rights. If the indemnification provided for in this Section 5 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 5.1 or 5.2 in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and each of the Underwriters, on the other hand, from the Offering, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, with respect to such Offering shall be deemed to be in the same proportion as the total proceeds from the Offering purchased under this Agreement (before deducting expenses) received by the Company bear to the total underwriting discount and commissions received by the Underwriters in connection with the Offering, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company, on the one hand, and the Underwriters, on the other, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or the Underwriters, on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement, omission, act or failure to act; provided that the parties hereto agree that the written information furnished to the Company through the Representative by or on behalf of any Underwriter for use in any Preliminary Prospectus, any Registration Statement or the Prospectus, or in any amendment or supplement thereto, consists solely of the Underwriters' Information. The Company and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 5.3.1 were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage, expense, liability, action, investigation or proceeding referred to above in this Section 5.3.1 shall be deemed to include, for purposes of this Section 5.3.1, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating, preparing to defend or defending against or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding. Notwithstanding the provisions of this Section 5.3.1 no Underwriter shall be required to contribute any amount in excess of the total discount and commission received by such Underwriter in connection with the Offering. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5.3.2. Contribution Procedure. Within fifteen (15) days after receipt by any party to this Agreement (or its representative) of notice of the commencement of any action, suit or proceeding, such party will, if a claim for contribution in respect thereof is to be made against another party ("**contributing party**"), notify the contributing party of the commencement thereof, but the failure to so notify the contributing party will not relieve it from any liability which it may have to any other party other than for contribution hereunder. In case any such action, suit or proceeding is brought against any party, and such party notifies a contributing party or its representative of the commencement thereof within the aforesaid 15 days, the contributing party will be entitled to participate therein with the notifying party and any other contributing party similarly notified. Any such contributing party shall not be liable to any party seeking contribution on account of any settlement of any claim, action or proceeding affected by such party seeking contribution without the written consent of such contributing party. The contribution provisions contained in this Section 5.3.2 are intended to supersede, to the extent permitted by law, any right to contribution under the Securities Act, the Exchange Act or otherwise available. The Underwriters' obligations to contribute as provided in this Section 5.3 are several and in proportion to their respective underwriting obligation, and not joint.

6. Default by an Underwriter.

6.1. Default Not Exceeding 10% of Firm Shares or Option Shares. If any Underwriter or Underwriters shall default in its or their obligations to purchase the Firm Shares or the Option Shares, if the Over-Allotment Option is exercised hereunder, and if the number of the Firm Shares or Option Shares with respect to which such default relates does not exceed in the aggregate 10% of the number of Firm Shares or Option Shares that all Underwriters have agreed to purchase hereunder, then such Firm Shares or Option Shares to which the default relates shall be purchased by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

6.2. Default Exceeding 10% of Firm Shares or Option Shares. In the event that the default addressed in Section 6.1 relates to more than 10% of the Firm Shares or Option Shares, the Representative may in its discretion arrange for itself or for another party or parties to purchase such Firm Shares or Option Shares to which such default relates on the terms contained herein. If, within one (1) Business Day after such default relating to more than 10% of the Firm Shares or Option Shares, the Representative does not arrange for the purchase of such Firm Shares or Option Shares, then the Company shall be entitled to a further period of one (1) Business Day within which to procure another party or parties reasonably satisfactory to the Representative to purchase said Firm Shares or Option Shares on such terms. In the event that neither the Representative nor the Company arrange for the purchase of the Firm Shares or Option Shares to which a default relates as provided in this Section 6, this Agreement will automatically be terminated by the Representative or the Company without liability on the part of the Company (except as provided in Sections 3.10 hereof), or the several Underwriters; provided, however, that if such default occurs with respect to the Option Shares or Option Warrants, this Agreement will not terminate as to the Firm Shares; and provided, further, that nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other Underwriters and to the Company for damages occasioned by its default hereunder. For the avoidance of doubt, nothing contained in this Section shall excuse a default by the Representative (in its capacity as an Underwriter) in its obligations to purchase the Firm Shares or the Option Shares, if the Over-Allotment Option is exercised hereunder.

6.3. Postponement of Closing Date. In the event that the Firm Shares or Option Shares to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, the Representative or the Company shall have the right to postpone the Closing Date or Option Closing Date for a reasonable period, but not in any event exceeding five (5) Business Days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement, the Pricing Disclosure Package or the Prospectus that in the opinion of Underwriters Counsel may thereby be made necessary. The term "**Underwriter**" as used in this Agreement shall include any party substituted under this Section 6 with like effect as if it had originally been a party to this Agreement with respect to such Firm Shares or Option Shares.

7. Additional Covenants.

7.1. Board Composition and Board Designations. The Company shall ensure that: (i) the qualifications of the persons serving as members of the Board of Directors and the overall composition of the Board of Directors comply with the Sarbanes-Oxley Act, the Exchange Act and the listing rules of the Exchange or any other national securities exchange, as the case may be, in the event the Company seeks to have its Public Securities listed on another exchange or quoted on an automated quotation system, and (ii) if applicable, at least one member of the Audit Committee of the Board of Directors qualifies as an "audit committee financial expert," as such term is defined under Regulation S-K and the listing rules of the Exchange.

7.2. Prohibition on Press Releases and Public Announcements. The Company shall not issue press releases or engage in any other publicity, without the Representative's prior written consent (which consent shall not be unreasonably withheld), for a period ending at 5:00 p.m., Eastern time, on the first (1^{st}) Business Day following the fortieth (40^{th}) day after the Closing Date, other than normal and customary releases issued in the ordinary course of the Company's business.

7.3. Right of First Refusal. Following the Closing of the Offering, the Representative shall have an irrevocable right of first refusal (the "**Right of First Refusal**"), for a period of twelve (12) months after the date the Offering is completed (the "**RoFR Period**"), to act as sole investment banker, sole book-runner, and/or sole underwriter, at the Representative's sole discretion, for each and every future public and private equity and debt offering, including all equity linked financings (each, a "Subject Transaction"), during such twelve (12) month period, of the Company, or any successor to or any current or future subsidiary of the Company, on terms and conditions customary to the Representative for such Subject Transactions. The Representative shall have the sole right to determine whether or not any other broker dealer shall have the right to participate in a Subject Transaction and the economic terms of such participation. For the avoidance of any doubt, the Company shall not retain, engage or solicit any additional investment banker, book-runner, financial advisor, underwriter and/or placement agent in a Subject Transaction without the express written consent of the Representative.

8. Effective Date of this Agreement and Termination Thereof.

8.1. Effective Date. This Agreement shall become effective when both the Company and the Representative have executed the same and delivered counterparts of such signatures to the other party.

8.2. Termination. The Representative shall have the right to terminate this Agreement at any time prior to any Closing Date, (i) if any domestic or international event or act or occurrence has materially disrupted, or in the Representative's reasonable opinion will in the immediate future materially disrupt, general securities markets in the United States; or (ii) if trading on the New York Stock Exchange or the Nasdaq Stock Market LLC shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been fixed, or maximum ranges for prices for securities shall have been required by FINRA or by order of the Commission or any other government authority having jurisdiction; or (iii) if the United States shall have become involved in a new war or an escalation in major hostilities; or (iv) if a banking moratorium has been declared by a New York State or federal authority; or (v) if a moratorium on foreign exchange trading has been declared which materially adversely impacts the United States securities markets; or (vi) if the Company shall have sustained a material loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act which, whether or not such loss shall have been insured, will, in the Representative's opinion, make it inadvisable to proceed with the delivery of the Firm Shares or Option Shares; or (vii) if the Company is in material breach of any of its representations, warranties or covenants hereunder; or (viii) if the Representative shall have become aware after the date hereof of a Material Adverse Change, or an adverse material change in general market conditions as in the Representative's judgment would make it impracticable to proceed with the offering, sale and/or delivery of the Public Securities or to enforce contracts made by the Underwriters for the sale of the Public Securities.

8.3. Expenses. Notwithstanding anything to the contrary in this Agreement, except in the case of a default by the Underwriters, pursuant to Section 6.2 above, in the event that this Agreement shall not be carried out for any reason whatsoever, within the time specified herein or any extensions thereof pursuant to the terms herein, the Company shall be obligated to pay to the Underwriters their actual and accountable out-of-pocket expenses related to the transactions contemplated herein then due and payable up to $175,000 less amounts previously advanced, and upon demand the Company shall pay the full amount thereof to the Representative on behalf of the Underwriters and the Representative shall return any portion of the Advance not used to pay its accountable out-of-pocket expenses actually incurred; provided, however, that such expense cap in no way limits or impairs the indemnification and contribution provisions of this Agreement.

8.4. Survival of Indemnification. Notwithstanding any contrary provision contained in this Agreement, any election hereunder or any termination of this Agreement, and whether or not this Agreement is otherwise carried out, the provisions of Section 5 shall remain in full force and effect and shall not be in any way affected by, such election or termination or failure to carry out the terms of this Agreement or any part hereof.

9. Miscellaneous.

9.1. Notices. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and shall be mailed (registered or certified mail, return receipt requested), personally delivered or sent by email and confirmed and shall be deemed given when so delivered or emailed and confirmed or if mailed, two (2) days after such mailing.

If to the Representative:

Alexander Capital, L.P.
17 State Street, 5th Floor
New York, New York 10004
Attn.: Jonathan Gazdak - Managing Director - Head of Investment Banking
Direct: (646) 787-8898
E-mail: jgazdak@alexandercapitallp.com

with a copy (which shall not constitute notice) to:

Carmel, Milazzo & Feil LLP
55 West 39th Street
18th Floor
New York, NY 10018
Attn: Ross Carmel, Esq.
Email: rcarmel@cmfllp.com

If to the Company:

Neuraxis, Inc.
11550 N. Meridian Street, Suite 325
Carmel, IN 46032
Attn: Mr. Brian Carrico, Chief Executive Officer
Email: bcarrico@neuraxis.com

with a copy (which shall not constitute notice) to:

Lucosky Brookman LLP
101 Wood Avenue South, 5th Floor
Woodbridge, NJ 08830
Attn: Joseph M. Lucosky, Esq.
Email: jlucosky@lucbro.com

9.2. Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

9.3. Amendment. This Agreement may only be amended by a written instrument executed by each of the parties hereto.

9.4. Entire Agreement. This Agreement (together with the other agreements and documents being delivered pursuant to or in connection with this Agreement) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.5. Binding Effect. This Agreement shall inure solely to the benefit of the parties hereto and the indemnified parties referred to in Section 5 and their respective successors, heirs and assigns, and shall be binding upon each of them, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provisions herein contained. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of securities from any of the Underwriters.

9.6. Governing Law; Consent to Jurisdiction; Trial by Jury. This Agreement shall be governed by and construed and enforced in accordance with the law of the State of New York. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Agreement shall be brought and enforced in the Supreme Court of the State of New York sitting in the County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any such process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 9.1 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company agrees that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.7. Execution in Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Delivery of a signed counterpart of this Agreement by facsimile or email/pdf transmission shall constitute valid and sufficient delivery thereof.

9.8. Waiver. The failure of any of the parties hereto to at any time enforce any of the provisions of this Agreement shall not be deemed or construed to be a waiver of any such provision, nor to in any way effect the validity of this Agreement or any provision hereof or the right of any of the parties hereto to thereafter enforce each and every provision of this Agreement. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Agreement shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

[Signature Page Follows]

If the foregoing correctly sets forth the understanding between the Underwriters and the Company, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between us.

Very truly yours,
Neuraxis, Inc.

By: _____
Name: Brian Carrico
Title: Chief Executive Officer

Confirmed as of the date first written above, on behalf of itself and as Representative of the several Underwriters named on Schedule 1 hereto:

ALEXANDER CAPITAL, L.P.

By: _____
Name: Jonathan Gazdak
Title: Head of Investment Banking

SCHEDULE 1

Underwriter	Total Number of Firm Shares to be Purchased	Number of Option Shares to be Purchased if the Over-Allotment Option is Fully Exercised
Alexander Capital, L.P.		
		-
TOTAL		

SCHEDULE 3-A

Pricing Information

Number of Firm Shares: [●]
Number of Option Shares: [●]
Number of Option Warrants: [●]
Public Offering Price per Firm Share: $[●]
Public Offering Price per Option Share: $[●]
Underwriting Discount per Firm Share: $[●]
Underwriting Discount per Option Share: $[●]
Proceeds to Company per Firm Share (before expenses): $[●]
Proceeds to Company per Option Share (before expenses): $[●]
Proceeds to Company per Option Warrant (before expenses): $ [●]

SCHEDULE 3-B

Issuer General Use Free Writing Prospectuses

Free Writing Prospectus filed with the SEC on January 26, 2023, 2023 and linked to here: https://www.sec.gov/Archives/edgar/data/1933567/000149315223002553/formfwp.htm

SCHEDULE 4

List of Lock-Up Parties

Name

Neuraxis, Inc.
- Timothy Henrichs
- Thomas Carrico
- John Seale
- Gary Peterson
- Dan Clarence
- Christopher Robin Brown
- Brian Carrico
- Bradley Mitch Watkins
- Beth Keyser
- Adrian Miranda

5% Holders

- Masimo Corporation
- Brian P. Hannasch

EXHIBIT A

Form of Representative's Warrant Agreement

THE REGISTERED HOLDER OF THIS PURCHASE WARRANT BY ITS ACCEPTANCE HEREOF, AGREES THAT IT WILL NOT SELL, TRANSFER OR ASSIGN THIS PURCHASE WARRANT EXCEPT AS HEREIN PROVIDED AND THE REGISTERED HOLDER OF THIS PURCHASE WARRANT AGREES THAT IT WILL NOT SELL, TRANSFER, ASSIGN, PLEDGE OR HYPOTHECATE THIS PURCHASE WARRANT FOR A PERIOD OF ONE HUNDRED EIGHTY (180) DAYS FOLLOWING THE COMMENCEMENT OF SALES OF THE OFFERING TO ANYONE OTHER THAN (I) ALEXANDER CAPITAL, L.P., OR A REPRESENTATIVE OR A SELECTED DEALER IN CONNECTION WITH THE OFFERING, OR (II) A BONA FIDE OFFICER OR PARTNER OF ALEXANDER CAPITAL, L.P., OR OF ANY SUCH UNDERWRITERS OR SELECTED DEALER.

THIS PURCHASE WARRANT IS NOT EXERCISABLE PRIOR TO [●], 2028.[2] VOID AFTER 5:00 P.M., EASTERN TIME, [●], 2028.[3]

UNDERWRITER'S WARRANT

FOR THE PURCHASE OF [●]
SHARES OF COMMON STOCK

OF

NEURAXIS, INC.

1. Purchase Warrant. THIS CERTIFIES THAT, pursuant to that certain Underwriting Agreement by and between Neuraxis, Inc., a Delaware corporation (the "**Company**"), on one hand, and Alexander Capital, L.P., on the other hand, dated [●], 2023, as amended (the "**Underwriting Agreement**"), [●] ("**Holder**") and its assignees, as registered holders of this Purchase Warrant, is entitled, at any time or from time to time from [●], 2023 (the "**Exercise Date**"), the date that is six (6) months after the effective date of the Company's Registration Statement on Form S-1 with the Securities and Exchange Commission (the "**Effective Date**"), and at or before 5:00 p.m., Eastern time, on [●], 2023 (five (5) years from the Effective Date) (the "**Expiration Date**"), but not thereafter, to subscribe for, purchase and receive, in whole or in part, up to [●] shares of Common Stock of the Company, $0.001 par value per share (the "**Common Stock**") (equal to six (6.0%) percent of the Common Stock sold in the offering), subject to adjustment as provided in Section 6 hereof. If the Expiration Date is a day on which banking institutions are authorized by law to close, then this Purchase Warrant may be exercised on the next succeeding day which is not such a day in accordance with the terms herein. During the period ending on the Expiration Date, the Company agrees not to take any action that would terminate this purchase warrant ("**Purchase Warrant**"). This Purchase Warrant is initially exercisable at $[●] per share of Common Stock (120% of the price of the Common Stock sold in the Offering); *provided, however,* that upon the occurrence of any of the events specified in Section 6 hereof, the rights granted by this Purchase Warrant, including the exercise price per share and the number of shares of Common Stock to be received upon such exercise, shall be adjusted as therein specified. The term "**Exercise Price**" shall mean the initial exercise price as set forth above or the adjusted exercise price as a result of the events set forth in Section 6 below, depending on the context.

[2] A date that is 180 days after the Effective Date.

[3] A date that is five years after the Effective Date.

Capitalized terms not defined herein shall have the meaning ascribed to them in the Underwriting Agreement.

2. Exercise.

2.1 Exercise Form. In order to exercise this Purchase Warrant, the exercise form attached hereto as Exhibit A must be duly executed and completed and delivered to the Company, together with this Purchase Warrant and payment of the Exercise Price for the Common Stock being purchased payable in cash by wire transfer of immediately available funds to an account designated by the Company or by certified check. If the subscription rights represented hereby shall not be exercised at or before 5:00 p.m., Eastern time, on the Expiration Date, this Purchase Warrant shall become and be void without further force or effect, and all rights represented hereby shall cease and expire.

2.2 Cashless Exercise. At any time after the Exercise Date and until the Expiration Date, Holder may elect to receive the number of shares of Common Stock equal to the value of this Purchase Warrant (or the portion thereof being exercised), by surrender of this Purchase Warrant to the Company, together with the exercise form attached hereto, in which event the Company shall issue to Holder, Shares in accordance with the following formula:

$$X = \frac{Y(A-B)}{B}$$

Where,

X	=	X=The number of shares of Common Stock to be issued to Holder;
Y	=	Y=The number of shares of Common Stock for which the Purchase Warrant is being exercised;
A	=	A=The fair market value of one share of Common Stock; and
B	=	B=The Exercise Price.

For purposes of this Section 2.2, the “fair market value” of a share of Common Stock is defined as follows:

(i) if the Common Stock is traded on a national securities exchange or the OTCQB Market (or similar quotation system), the value shall be deemed to be the closing price on such exchange or quotation system the trading day immediately prior to the exercise form being submitted in connection with the exercise of this Purchase Warrant; or

(ii) if there is no market for the Common Stock, the value shall be the fair market value thereof, as determined in good faith by the Company's Board of Directors.

2.3 Legend. Each certificate for the Common Stock purchased under this Purchase Warrant shall bear a legend as follows unless such Common Stock has been registered under the Securities Act of 1933, as amended (the "**Act**"), or are exempt from registration under the Act:

"The Common Stock represented by this certificate has not been registered under the Securities Act of 1933, as amended (the "Act"), or applicable state law. Neither the Common Stock nor any interest therein may be offered for sale, sold or otherwise transferred except pursuant to an effective registration statement under the Act, or pursuant to an exemption from registration under the Act and applicable state law which, in the opinion of counsel to the Company, is available."

3. Transfer.

3.1 General Restrictions. The registered Holder of this Purchase Warrant agrees by his, her or its acceptance hereof, that such Holder will not: (a) sell, transfer, assign, pledge or hypothecate this Purchase Warrant for a period of one hundred eighty (180) days following the Effective Date to anyone other than: (i) the Underwriter or a representative or a selected dealer participating in the Offering, or (ii) a bona fide officer or partner of the Underwriter or of any such selected dealer, in each case in accordance with FINRA Conduct Rule 5110(g)(1), or (b) cause this Purchase Warrant or the securities issuable hereunder to be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of this Purchase Warrant or the securities hereunder, except as provided for in FINRA Rule 5110(g)(2). On and after that date that is one hundred eighty (180) days after the Effective Date, transfers to others may be made subject to compliance with or exemptions from applicable securities laws. In order to make any permitted assignment, the Holder must deliver to the Company the assignment form attached hereto as Exhibit B duly executed and completed, together with this Purchase Warrant and payment of all transfer taxes, if any, payable in connection therewith. The Company shall within five (5) Business Days transfer this Purchase Warrant on the books of the Company and shall execute and deliver a new Purchase Warrant or Purchase Warrants of like tenor to the appropriate assignee(s) expressly evidencing the right to purchase the aggregate number of shares of Common Stock purchasable hereunder or such portion of such number as shall be contemplated by any such assignment.

3.2 Restrictions Imposed by the Act. The securities evidenced by this Purchase Warrant shall not be transferred unless and until: (i) the Company has received the opinion of counsel for the Company that the securities may be transferred pursuant to an exemption from registration under the Act and applicable state securities laws, the availability of which is established to the reasonable satisfaction of the Company, (ii) a registration statement or a post-effective amendment to the Registration Statement relating to the offer and sale of such securities that has been declared effective by the U.S. Securities and Exchange Commission (the "**Commission**") and includes a current prospectus or (iii) a registration statement, pursuant to which the Holder has exercised its registration rights pursuant to Sections 4.1 and 4.2 herein, relating to the offer and sale of such securities has been filed and declared effective by the Commission and compliance with applicable state securities law has been established.

4. Registration Rights.

4.1 "Piggy-Back" Registration. Unless all of the Common Stock underlying the Purchase Warrants (collectively, the "**Registrable Securities**") are included in an effective registration statement with a current prospectus, the Holder shall have the right, until the Expiration Date, to include the remaining Registrable Securities as part of any other registration of securities filed by the Company (other than in connection with a transaction contemplated by Rule 145 promulgated under the Act or pursuant to Form S-8 or any equivalent form); provided, however, that if, solely in connection with any primary underwritten public offering for the account of the Company, the managing underwriter(s) thereof shall, in its reasonable discretion, impose a limitation on the number of shares of Common Stock of Registrable Securities which may be included in the registration statement because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such registration statement only such limited portion of the Registrable Securities with respect to which the Holder requested inclusion hereunder as the underwriter shall reasonably permit; and further provided that no such piggy-back rights shall exist for so long as the Registrable Securities (which term shall include those paid as consideration pursuant to the cashless exercise provisions of this Warrant) may be sold pursuant to Rule 144 of the Act without restriction. Any exclusion of Registrable Securities shall be made pro rata among the Holders seeking to include Registrable Securities in proportion to the number of Registrable Securities sought to be included by such Holders; provided, however, that the Company shall not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities. In the event of such a proposed registration, the Company shall furnish the then Holders of outstanding Registrable Securities with not less than fifteen (15) days written notice prior to the proposed date of filing of such registration statement. Such notice to the Holders shall continue to be given for each registration statement filed by the Company until such time as all of the Registrable Securities have been sold by the Holder. The holders of the Registrable Securities shall exercise the "piggy-back" rights provided for herein by giving written notice, within seven (7) days of the receipt of the Company's notice of its intention to file a registration statement. Except as otherwise provided in this Purchase Warrant, there shall be no limit on the number of times the Holder may request registration under this Section 4.1.

4.2 Mandatory Registration. Solely in the event there is not then a current registration statement concerning the resale of the Registrable Securities, the Company shall prepare and file with the SEC on one occasion at its sole expense, upon the written notice of the Holder at any time commencing six (6) months after the date that this Warrant becomes exercisable and on or before the fifth anniversary date of the Effective Date, a required registration statement (the "Required Registration Statement") concerning the resale of all of the Registrable Securities. The Required Registration Statement shall be on Form F-3 if available for such a registration and if unavailable, the Company shall register the resale of the Registrable Securities on Form S-1 or another appropriate form reasonably acceptable to the Holder and undertake to register the resale of the Registrable Securities on Form F-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of all Registration Statements then in effect until such time as a Registration Statement on Form F-3 covering the resale of all of the Registrable Securities has been declared effective by the SEC and the prospectus contained therein is available for use. Within ten (10) days after receiving written notice from the Holder, the Company shall give notice to the other Holders of the Purchase Warrants advising that the Company is proceeding with such registration statement and offering to include therein Purchase Warrants of such other Holders. The Company shall not be obligated to any such other Holder unless such other Holder shall accept such offer by notice in writing to the Company within five (5) days thereafter. The Company shall use its best efforts to have such Required Registration Statement, and each other Registration Statement required to be filed pursuant to the terms of this Purchase Warrant, declared effective by the SEC as soon as practicable. The Company shall pay the costs and expenses thereof, for one time only, which costs and expenses shall include "Blue Sky" fees for counsel for the Underwriter and "Blue Sky" filing fees to qualify the Purchase Warrants in those jurisdictions requested by the Holder.

4.3 General Terms.

4.3.1 Expenses of Registration. The Company shall bear all fees and expenses attendant to registering the Registrable Securities pursuant to Section 4 hereof, but the Holders shall pay any and all underwriting commissions and the expenses of any legal counsel selected by the Holders to represent them in connection with the sale of the Registrable Securities.

4.3.2 Indemnification. The Company shall indemnify, to the fullest extent permitted by applicable laws, the Holder(s) of the Registrable Securities to be sold pursuant to any registration statement hereunder and each person, if any, who controls such Holders within the meaning of Section 15 of the Act or Section 20 (a) of the Securities Exchange Act of 1934, as amended ("**Exchange Act**"), against all loss, claim, damage, expense or liability (including all reasonable attorneys' fees and other expenses reasonably incurred in investigating, preparing or defending against any claim whatsoever) to which any of them may become subject under the Act, the Exchange Act or otherwise, arising from such registration statement but only to the same extent and with the same effect as the provisions pursuant to which the Company has agreed to indemnify the Underwriter contained in Section 6 of the Underwriting Agreement.

4.3.3 Exercise of Purchase Warrants. Nothing contained in this Purchase Warrant shall be construed as requiring the Holder(s) to exercise their Purchase Warrants prior to or after the initial filing of any registration statement or the effectiveness thereof.

4.3.4 Documents to be Delivered by Holder(s). Each of the Holder(s) participating in any registration statement filed by the Company shall furnish to the Company a completed and executed questionnaire provided by the Company requesting information customarily sought of selling security holders.

4.3.5 Damages. Should the registration or the effectiveness thereof required by Section 4 hereof be delayed by the Company or the Company otherwise fails to comply with such provisions, the Holder(s) shall, in addition to any other legal or other relief available to the Holder(s), be entitled to obtain specific performance or other equitable (including injunctive) relief against the threatened breach of such provisions or the continuation of any such breach, without the necessity of proving actual damages and without the necessity of posting bond or other security.

5. New Purchase Warrants to be Issued.

5.1 Partial Exercise or Transfer. Subject to the restrictions in Section 3 hereof, this Purchase Warrant may be exercised or assigned in whole or in part. In the event of the exercise or assignment hereof in part only, upon surrender of this Purchase Warrant for cancellation, together with the duly executed exercise or assignment form and funds sufficient to pay any Exercise Price and/or transfer tax if exercised pursuant to Section 2.1 hereof, the Company shall cause to be delivered to the Holder without charge a new Purchase Warrant of like tenor to this Purchase Warrant in the name of the Holder evidencing the right of the Holder to purchase the number of shares of Common Stock purchasable hereunder as to which this Purchase Warrant has not been exercised or assigned.

5.2 Lost Certificate. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Purchase Warrant and of reasonably satisfactory indemnification or the posting of a bond, the Company shall execute and deliver a new Purchase Warrant of like tenor and date. Any such new Purchase Warrant executed and delivered as a result of such loss, theft, mutilation or destruction shall constitute a substitute contractual obligation on the part of the Company.

6. Adjustments.

6.1 Adjustments to Exercise Price and Number of Shares of Common Stock. The Exercise Price and the number of shares of Common Stock underlying this Purchase Warrant shall be subject to adjustment from time to time as hereinafter set forth:

6.1.1 Share Dividends; Split Ups. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of shares of outstanding Common Stock is increased by a stock dividend payable in Common Stock or by a split up of the Common Stock or other similar event, then, on the effective day thereof, the number of shares of Common Stock purchasable hereunder shall be increased in proportion to such increase in outstanding shares of Common Stock, and the Exercise Price shall be proportionately decreased.

6.1.2 Aggregation of Shares of Common Stock. If, after the date hereof, and subject to the provisions of Section 6.3 below, the number of outstanding shares of Common Stock is decreased by a consolidation, combination or reclassification of the Common Stock or other similar event, then, on the effective date thereof, the number of shares of Common Stock purchasable hereunder shall be decreased in proportion to such decrease in outstanding shares, and the Exercise Price shall be proportionately increased.

6.1.3 Replacement of Common Stock upon Reorganization, etc. In case of any reclassification or reorganization of the outstanding Common Stock other than a change covered by Section 6.1.1 or Section 6.1.2 hereof or that solely affects the par value of such Common Stock, or in the case of any share reconstruction or amalgamation or consolidation of the Company with or into another corporation (other than a consolidation or share reconstruction or amalgamation in which the Company is the continuing corporation and that does not result in any reclassification or reorganization of the outstanding Common Stock), or in the case of any sale or conveyance to another corporation or entity of the property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the Holder of this Purchase Warrant shall have the right thereafter (until the expiration of the right of exercise of this Purchase Warrant) to receive upon the exercise hereof, for the same aggregate Exercise Price payable hereunder immediately prior to such event, the kind and amount of Common Stock or other securities or property (including cash) receivable upon such reclassification, reorganization, share reconstruction or amalgamation, or consolidation, or upon a dissolution following any such sale or transfer, by a Holder of the number of shares of Common Stock of the Company obtainable upon exercise of this Purchase Warrant immediately prior to such event; and if any reclassification also results in a change in Common Stock covered by Section 6.1.1 or Section 6.1.2, then such adjustment shall be made pursuant to Section 6.1.1, Section 6.1.2 and this Section 6.1.3. The provisions of this Section 6.1.3 shall similarly apply to successive reclassifications, reorganizations, share reconstructions or amalgamations, or consolidations, sales or other transfers.

6.1.4 Fundamental Transaction. If, at any time while this Purchase Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any direct or indirect purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of the Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spinoff or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding Common Stock (not including any Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with, the other Persons making or party to such stock or share purchase agreement or other business combination) (each a "**Fundamental Transaction**"), then, upon any subsequent exercise of this Purchase Warrant, the Holder shall have the right to receive, for each Purchase Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, the number Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional or alternative consideration (the "**Alternative Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Purchase Warrant is exercisable immediately prior to such Fundamental Transaction. For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternative Consideration based on the amount of Alternative Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternative Consideration in a reasonable manner reflecting the relative value of any different components of the Alternative Consideration. If holders of the Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternative Consideration it receives upon any exercise of this Purchase Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "**Successor Entity**") to assume in writing all of the obligations of the Company under this Purchase Warrant, and to deliver to the Holder in exchange for this Purchase Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Purchase Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the Common Stock acquirable and receivable upon exercise of this Purchase Warrant prior to such Fundamental Transaction, and with an exercise price which applies the Exercise Price hereunder to such shares of capital stock (but taking into account the relative value of the Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Purchase Warrant immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Purchase Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of, the Company and shall assume all of the obligations of the Company, under this Purchase Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

6.1.5 Changes in Form of Purchase Warrant. This form of Purchase Warrant need not be changed because of any change pursuant to this Section 6.1, and Purchase Warrants issued after such change may state the same Exercise Price and the same number of shares of Common Stock as are stated in the Purchase Warrants initially issued pursuant to this Agreement. The acceptance by any Holder of the issuance of new Purchase Warrants reflecting a required or permissive change shall not be deemed to waive any rights to an adjustment occurring after the date hereof or the computation thereof.

6.2 Substitute Purchase Warrant. In case of any consolidation of the Company with, or share reconstruction or amalgamation of the Company with or into, another corporation (other than a consolidation or share reconstruction or amalgamation which does not result in any reclassification or change of the outstanding Common Stock), the corporation formed by such consolidation or share reconstruction or amalgamation shall execute and deliver to the Holder a supplemental Purchase Warrant providing that the holder of each Purchase Warrant then outstanding or to be outstanding shall have the right thereafter (until the stated expiration of such Purchase Warrant) to receive, upon exercise of such Purchase Warrant, the kind and amount of shares of Common Stock and other securities and property receivable upon such consolidation or share reconstruction or amalgamation, by a holder of the number of shares of Common Stock of the Company for which such Purchase Warrant might have been exercised immediately prior to such consolidation, share reconstruction or amalgamation, sale or transfer. Such supplemental Purchase Warrant shall provide for adjustments which shall be identical to the adjustments provided for in this Section 6. The above provision of this Section 6 shall similarly apply to successive consolidations or share reconstructions or amalgamations.

6.3 Elimination of Fractional Interests. The Company shall not be required to issue certificates representing fractions of a share of Common Stock upon the exercise of the Purchase Warrant, nor shall it be required to issue scrip or pay cash in lieu of any fractional interests, it being the intent of the parties that all fractional interests shall be eliminated by rounding any fraction up to the nearest whole number of shares of Common Stock or other securities, properties or rights.

7. Reservation and Listing. The Company shall at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issuance upon exercise of this Purchase Warrant, such number of shares of Common Stock or other securities, properties or rights as shall be issuable upon the exercise thereof. The Company covenants and agrees that, upon exercise of this Purchase Warrant and payment of the Exercise Price therefor, in accordance with the terms hereby, all Common Stock and other securities issuable upon such exercise shall be duly and validly issued, fully paid and non-assessable and not subject to preemptive rights of any shareholder. As long as this Purchase Warrant shall be outstanding, the Company shall use its commercially reasonable efforts to cause all Common Stock issuable upon exercise of this Purchase Warrant to be listed (subject to official notice of issuance) on all national securities exchanges (or, if applicable, on the OTCQB Market or any successor quotation system) on which the Common Stock issued to the public in the Offering may then be listed and/or quoted (if at all).

8. Certain Notice Requirements.

8.1 Holder's Right to Receive Notice. Nothing herein shall be construed as conferring upon the Holders the right to vote or consent or to receive notice as a shareholder for the election of directors or any other matter, or as having any rights whatsoever as a shareholder of the Company. If, however, at any time prior to the expiration of the Purchase Warrants and their exercise, any of the events described in Section 8.2 shall occur, then, in one or more of said events, the Company shall give written notice of such event at least fifteen days prior to the date fixed as a record date or the date of closing the transfer books (the "**Notice Date**") for the determination of the shareholders entitled to such dividend, distribution, conversion or exchange of securities or subscription rights, or entitled to vote on such proposed dissolution, liquidation, winding up or sale. Such notice shall specify such record date or the date of the closing of the transfer books, as the case may be. Notwithstanding the foregoing, the Company shall deliver to each Holder a copy of each notice given to the other shareholders of the Company at the same time and in the same manner that such notice is given to the shareholders.

8.2 Events Requiring Notice. The Company shall be required to give the notice described in this Section 8 upon one or more of the following events: (i) if the Company shall take a record of the holders of its Common Stock for the purpose of entitling them to receive a dividend or distribution payable otherwise than in cash, or a cash dividend or distribution payable otherwise than out of retained earnings, as indicated by the accounting treatment of such dividend or distribution on the books of the Company, (ii) the Company shall offer to all the holders of its Common Stock any additional shares of the Company or securities convertible into or exchangeable for shares of the Company, or any option, right or warrant to subscribe therefor, or (iii) a dissolution, liquidation or winding up of the Company (other than in connection with a consolidation or share reconstruction or amalgamation) or a sale of all or substantially all of its property, assets and business shall be proposed.

8.3 Notice of Change in Exercise Price. The Company shall, promptly after an event requiring a change in the Exercise Price pursuant to Section 6 hereof, send notice to the Holders of such event and change ("**Price Notice**"). The Price Notice shall describe the event causing the change and the method of calculating same and shall be certified as being true and accurate by the Company's Chief Financial Officer.

8.4 Transmittal of Notices. All notices, requests, consents and other communications under this Purchase Warrant shall be in writing and shall be deemed to have been duly made if made in accordance with the notice provisions of the Underwriting Agreement to the addresses and contact information for the Holder appearing on the books and records of the Company.

If to the Holder, then to:

Alexander Capital, L.P.
17 State Street, 5th Floor
New York, New York 10004
Attn.: Jonathan Gazdak - Managing Director - Head of Investment Banking
E-mail: jgazdak@alexandercapitallp.com

With a copy to:

Carmel, Milazzo & Feil LLP
55 West 39th Street, 18th Floor
New York, New York 10018
Attention: Ross Carmel, Esq.
Email: rcarmel@cmfllp.com

If to the Company:

Neuraxis, Inc.
11550 N. Meridian Street, Suite 325
Carmel, IN 46032
Attn: Mr. Brian Carrico, Chief Executive Officer
Email: bcarrico@neuraxis.com

With a copy to:

Lucosky Brookman LLP
101 Wood Avenue South, 5th Floor
Woodbridge, NJ 08830
Attn: Joseph M. Lucosky
Email: jlucosky@lucbro.com

9. Miscellaneous.

9.1 Amendments. The Company and the Underwriter may from time to time supplement or amend this Purchase Warrant without the approval of any of the Holders in order to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provisions herein, or to make any other provisions in regard to matters or questions arising hereunder that the Company and the Underwriter may deem necessary or desirable and that the Company and the Underwriter deem shall not adversely affect the interest of the Holders. All other modifications or amendments shall require the written consent of and be signed by the party against whom enforcement of the modification or amendment is sought.

9.2 Headings. The headings contained herein are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Purchase Warrant.

9.3 Entire Agreement. This Purchase Warrant (together with the other agreements and documents being delivered pursuant to or in connection with this Purchase Warrant) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings of the parties, oral and written, with respect to the subject matter hereof.

9.4 Binding Effect. This Purchase Warrant shall inure solely to the benefit of and shall be binding upon, the Holder and the Company and their permitted assignees, respective successors, legal representative and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Purchase Warrant or any provisions herein contained.

9.5 Governing Law; Submission to Jurisdiction; Trial by Jury. This Purchase Warrant shall be governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to conflict of laws principles thereof. The Company hereby agrees that any action, proceeding or claim against it arising out of, or relating in any way to this Purchase Warrant shall be brought and enforced in the New York Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, and irrevocably submits to such jurisdiction, which jurisdiction shall be exclusive. The Company hereby waives any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Any process or summons to be served upon the Company may be served by transmitting a copy thereof by registered or certified mail, return receipt requested, postage prepaid, addressed to it at the address set forth in Section 8 hereof. Such mailing shall be deemed personal service and shall be legal and binding upon the Company in any action, proceeding or claim. The Company and the Holder agree that the prevailing party(ies) in any such action shall be entitled to recover from the other party(ies) all of its reasonable attorneys' fees and expenses relating to such action or proceeding and/or incurred in connection with the preparation therefor. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) and the Holder hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

9.6 Waiver. The failure of the Company or the Holder to at any time enforce any of the provisions of this Purchase Warrant shall not be deemed or construed to be a waiver of any such provision, nor to in any way affect the validity of this Purchase Warrant or any provision hereof or the right of the Company or any Holder to thereafter enforce each and every provision of this Purchase Warrant. No waiver of any breach, non-compliance or non-fulfillment of any of the provisions of this Purchase Warrant shall be effective unless set forth in a written instrument executed by the party or parties against whom or which enforcement of such waiver is sought; and no waiver of any such breach, non-compliance or non-fulfillment shall be construed or deemed to be a waiver of any other or subsequent breach, non-compliance or non-fulfillment.

9.7 Exchange Agreement. As a condition of the Holder's receipt and acceptance of this Purchase Warrant, Holder agrees that, at any time prior to the complete exercise of this Purchase Warrant by Holder, if the Company and the Underwriter enter into an agreement ("**Exchange Agreement**") pursuant to which they agree that all outstanding Purchase Warrants will be exchanged for securities or cash or a combination of both, then Holder shall agree to such exchange and become a party to the Exchange Agreement.

9.8 Execution in Counterparts. This Purchase Warrant may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement, and shall become effective when one or more counterparts has been signed by each of the parties hereto and delivered to each of the other parties hereto. Such counterparts may be delivered by facsimile transmission or other electronic transmission.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Company has caused this Purchase Warrant to be signed by its duly authorized officer as of the [●]day of [●], 2023.

Neuraxis, Inc.

By: _____
Name: Brian Carrico
Title: Chief Executive Officer

EXHIBIT A

Form to be used to exercise Purchase Warrant:

Date: _____, 20___

The undersigned hereby elects irrevocably to exercise the Purchase Warrant for _____ shares of Common Stock of Neuraxis, Inc., (the "**Company**") and hereby makes payment of $____ (at the rate of $____ per share of Common Stock) in payment of the Exercise Price pursuant thereto. Please issue the Common Stock as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of shares of Common Stock for which this Purchase Warrant has not been exercised.

or

The undersigned hereby elects irrevocably to convert its right to purchase ___ Common Stock under the Purchase Warrant for _____ Common Stock, as determined in accordance with the following formula:

$$X = \frac{Y(A-B)}{B}$$

Where,
X = The number of shares of Common Stock to be issued to Holder;
Y = The number of shares of Common Stock for which the Purchase Warrant is being exercised;
A = The fair market value of one share of Common Stock which is equal to $_____; and
B = The Exercise Price which is equal to $_____ per share of Common Stock

The undersigned agrees and acknowledges that the calculation set forth above is subject to confirmation by the Company and any disagreement with respect to the calculation shall be resolved by the Company in its sole discretion.

Please issue the Common Stock as to which this Purchase Warrant is exercised in accordance with the instructions given below and, if applicable, a new Purchase Warrant representing the number of shares of Common Stock for which this Purchase Warrant has not been converted.

Signature: _____

Signature Guaranteed

INSTRUCTIONS FOR REGISTRATION OF SECURITIES

Name:_____
(Print in Block Letters)
Address: _____

NOTICE: The signature to this form must correspond with the name as written upon the face of the Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

EXHIBIT B

Form to be used to assign Purchase Warrant: ASSIGNMENT

(To be executed by the registered Holder to effect a transfer of the within Purchase Warrant):

FOR VALUE RECEIVED, _____ does hereby sell, assign and transfer unto the right to purchase _____ shares of Common Stock, Neuraxis, Inc., a Delaware corporation (the "**Company**"), evidenced by the Purchase Warrant and does hereby authorize the Company to transfer such right on the books of the Company.

Dated:_____, 20____

Signature: _____

Signature Guaranteed

NOTICE: The signature to this form must correspond with the name as written upon the face of the within Purchase Warrant without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank, other than a savings bank, or by a trust company or by a firm having membership on a registered national securities exchange.

EXHIBIT B

Form of Lock-Up Agreement

Lock-Up Agreement
for Officers, Directors
and 5% or Greater Shareholders

[●], 2023

Alexander Capital, L.P.
45 Broadway, 2nd Floor
New York, NY 10006
Attention: Mr. Christopher Carlin

The undersigned, an officer, director and/or holder of common stock (the "**Common Stock**"), or rights to acquire shares of Common Stock (the "**Shares**"), of Neuraxis, Inc., a Delaware corporation (the "**Company**"), understands that you are the representative (the "**Representative**") of the several underwriters, if any (collectively, the "**Underwriters**"), named or to be named in the final form of Schedule I to the underwriting agreement (the "**Underwriting Agreement**") to be entered into among the Underwriters and the Company, providing for the public offering (the "**Public Offering**") of securities of the Company (the "**Securities**") pursuant to a registration statement filed or to be filed (the "**Registration Statement**") with the U.S. Securities and Exchange Commission (the "**SEC**"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to enter into the Underwriting Agreement and to proceed with the Public Offering of the Securities, and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby agrees, for the benefit of the Company, the Representative and the other Underwriters that, without the prior written consent of the Representative, the undersigned will not, during the period commencing on the date of this Lock-Up Agreement and continuing and including the date that is one hundred eighty (180) days after the closing of the Public Offering (the "**Lock-Up Period**"), directly or indirectly, unless otherwise provided herein, (a) offer, sell, agree to offer or sell, solicit offers to purchase, grant any call option or purchase any put option with respect to, pledge, encumber, assign, borrow or otherwise dispose of (each a "**Transfer**") any Relevant Security (as defined below) or otherwise publicly disclose the intention to do so, or (b) establish or increase any "put equivalent position" or liquidate or decrease any "call equivalent position" with respect to any Relevant Security (in each case within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations thereunder) with respect to any Relevant Security or otherwise enter into any swap, derivative or other transaction or arrangement that Transfers to another, in whole or in part, any economic consequence of ownership of a Relevant Security, whether or not such transaction is to be settled by the delivery of Relevant Securities, other securities, cash or other consideration, or otherwise publicly disclose the intention to do so. As used herein, the term "**Relevant Security**" means any Share, any warrant to purchase Shares or any other security of the Company or any other entity that is convertible into, or exercisable or exchangeable for, Shares or any other equity security of the Company, in each case owned beneficially or otherwise by the undersigned on the date of closing of the Public Offering or acquired by the undersigned during the Lock-Up Period.

The restrictions in the foregoing paragraph shall not apply to: (a) any exercise (including a cashless exercise or broker-assisted exercise and payment of tax obligations) of options or warrants to purchase Shares; provided that any Shares received upon such exercise, conversion or exchange will be subject to the Lock-Up Period, (b) any establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Shares (a "**Trading Plan**"); provided that: (i) the Trading Plan shall not provide for or permit any transfers, sales or other dispositions of Shares during the Lock-Up Period, and (ii) the Trading Plan would not require any filing under Section 16(a) of the Exchange Act and no such filing is voluntarily made, or (c) any transfer of Shares acquired in open market transactions following the closing of the Public Offering, provided the transfer would not require any filing under Section 16(a) of the Exchange Act and no such filing is voluntarily made.

In addition, the undersigned further agrees that, except for the Registration Statement, during the Lock-Up Period, the undersigned will not, without the prior written consent of the Representative: (a) file or participate in the filing with the SEC of any registration statement or circulate or participate in the circulation of any preliminary or final prospectus or other disclosure document, in each case with respect to any proposed offering or sale of a Relevant Security beneficially owned by the undersigned, or (b) exercise any rights the undersigned may have to require registration with the SEC of any proposed offering or sale of a Relevant Security beneficially owned by the undersigned.

In furtherance of the undersigned's obligations hereunder, the undersigned hereby authorizes the Company during the Lock-Up Period to cause the transfer agent for the Relevant Securities to decline to transfer, and to note stop transfer restrictions on the stock register and other records relating to, Relevant Securities for which the undersigned is the record owner and the transfer of which would be a violation of this Lock-Up Agreement and, in the case of Relevant Securities for which the undersigned is the beneficial but not the record owner, agrees that during the Lock-Up Period it will use its reasonable best efforts to cause the record owner to authorize the Company to cause the relevant transfer agent to decline to transfer, and to note stop transfer restrictions on the stock register and other records relating to, such Relevant Securities to the extent such transfer would be a violation of this Lock-Up Agreement.

Notwithstanding the foregoing or anything contained herein to the contrary, the undersigned may transfer the undersigned's Relevant Securities:

(i) as a *bona fide* gift or gifts;

(ii) to any trust, partnership, limited liability company or other legal entity commonly used for estate planning purposes which is established for the direct or indirect benefit of the undersigned or a member or members of the immediate family of the undersigned;

(iii) if the undersigned is a corporation, partnership, limited liability company, trust or other business entity, (1) to another corporation, partnership, limited liability company, trust or other business entity that is a direct or indirect Affiliate (as defined in Rule 405 under the Securities Act of 1933, as amended) of the undersigned, (2) to limited partners, limited liability company members or stockholders of the undersigned or holders of similar equity interests in the undersigned, or (3) in connection with a sale, merger or transfer of all or substantially all of the assets of the undersigned or any other change of control of the undersigned, not undertaken for the purpose of avoiding the restrictions imposed by this Lock-Up Agreement;

(iv) if the undersigned is a trust, to the beneficiary of such trust;

(v) by testate or intestate succession;

(vi) by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement;

(vii) pursuant to the Underwriting Agreement; or

(viii) to the Company solely in an amount necessary to satisfy tax obligations (withholding or otherwise) in connection with any grant of restricted Shares, exercise or vesting of options or warrants to purchase Shares;

provided, in the case of clauses (i)-(vi), that (A) such transfer shall not involve a disposition for value, (B) the transferee agrees in writing with the Underwriters and the Company to be bound by the terms of this Lock-Up Agreement, and (C) such transfer would not require any filing under Section 16(a) of the Exchange Act and no such filing is voluntarily made.

For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

If (x) during the last 17 days of the lock-up period, the Company issues an earnings release or other press release of material information or a material event relating to the Company occurs or (y) prior to the expiration of the lock-up period, the Company announces that it will release its earnings results during the 16-day period beginning on the last day of the restricted period, the lock-up period shall be extended by, and the restrictions imposed by this Lock-Up Agreement shall continue to apply until the expiration of, the 18-day period beginning on the issuance of the earnings or other press release or the occurrence of the material event. If the lock-up period is so extended, the undersigned shall not engage in any transaction that may be restricted by this Lock-Up Agreement during the extended lock-up period unless the undersigned requests and receives prior written confirmation from the Representative or the Company that the restrictions imposed by this Lock-Up Agreement have expired.

If the undersigned is an officer or director of the Company, (i) the Representative agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Common Stock, the Representative will notify the Company of the impending release or waiver and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representative hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned, whether or not participating in the Public Offering, understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Lock-Up Agreement.

The undersigned understands that, if the Underwriting Agreement does not become effective, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, the undersigned shall be released from all obligations under this Lock-Up Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Agreement and that this Lock-Up Agreement has been duly authorized (if the undersigned is not a natural person) and constitutes the legal, valid and binding obligation of the undersigned, enforceable in accordance with its terms. Upon request, the undersigned will execute any additional documents necessary in connection with the enforcement hereof. Any obligations of the undersigned shall be binding upon the successors and assigns of the undersigned from the date of this Lock-Up Agreement.

This Lock-Up Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof. Delivery of a signed copy of this Lock-Up Agreement by facsimile or e-mail/.pdf transmission shall be effective as the delivery of the original hereof.

[SIGNATURE PAGE FOLLOWS]

Very truly yours,

Signature: _____

Name (printed): _____

Title (if applicable): _____

Entity (if applicable): _____

[SIGNATURE PAGE TO LOCK-UP AGREMENT]

EXHIBIT C

Form of Press Release

Neuraxis, Inc.
[●], 2023

Neuraxis, Inc., (the "**Company**") announced today that Alexander Capital, L.P., acting as representative for the underwriters in the Company's recent public offering of **[●]** of the Company's Common Stock, is [waiving] [releasing] a lock-up restriction with respect to **[●]** shares of Common Stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on **[●]**, 2023, and the securities may be sold on or after such date.

This press release is not an offer or sale of the securities in the United States or in any other jurisdiction where such offer or sale is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act of 1933, as amended.

Exhibit 4.23

APPENDIX C

FORM OF WARRANT

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

NEURAXIS, INC.
COMMON STOCK PURCHASE WARRANT

Initial Exercise Date: February ___, 2023

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received,_____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the Initial Exercise Date set forth hereinabove (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on February ___, 2028 (the "Termination Date") but not thereafter, to subscribe for and purchase from Neuraxis, Inc., a Delaware corporation (the "Company"), up to the Initial Warrant Number of Shares (as hereinafter defined) of Common Stock (as subject to adjustment hereunder, the "Warrant Shares"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

In this Warrant, the term "Initial Warrant Number of Shares" is the number obtained by dividing: (i) fifty percent (50%) of the aggregate Original Principal Amount of Note(s) originally issued under the Purchase Agreement (as such terms are hereinafter defined) to the original Holder of this Warrant by (ii) the offering price per share of Common Stock paid in the first Liquidity Event following the Initial Exercise Date; *provided, however,* that (i) if a Liquidity Event shall not have occurred on or prior to November ___, 2023 then, from and after such date, the percentage expressed in the foregoing clause (i) shall be seventy-five percent (75%) in lieu of fifty percent (50%), and (ii) if the first Liquidity Event to occur after the Initial Exercise Date includes, for each one share of Common Stock issued in such Liquidity Event: (x) one warrant to purchase Common Stock or similar right then, from and after such date, the percentage expressed in the foregoing clause (i) shall be one hundred percent (100%) in lieu of fifty percent (50%) or seventy-five percent (75%), as applicable, and (y) more than one warrant to purchase Common Stock or similar right then, from and after such date, the percentage expressed in the foregoing clause (i) shall be two hundred percent (200%) in lieu of fifty percent (50%) or seventy-five percent (75%), as applicable.

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated as of February ___, 2023, by and among the Company and the Investors signatory thereto.

Section 2. Exercise.

(a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) Business Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i)) following the date of exercise as aforesaid, the Holder shall deliver to the Company the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Business Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Business Day of receipt of such notice. The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.

(b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be equal to the product of (x) the Conversion Price (as defined in the Notes) and (y) one hundred twenty five percent (125%) (as subject to adjustment hereunder, the "Exercise Price").

(c) Cashless Exercise. Solely in the event that if at any time after the Maturity Date (as defined in the Note) ("Registration Deadline") there is no effective registration statement registering, or no currently prospectus available for, the resale of the Warrant Shares by the Holder (a "Registration Default"), then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder's execution of the applicable Notice of Exercise if such Notice of Exercise is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of "regular trading hours" on a Trading Day) pursuant to Section 2(a) or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) after the close of "regular trading hours" on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(d) Mechanics of Exercise.

(i) Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by its transfer agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if, following the consummation of a Liquidity Event, the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) two (2) Business Days after the delivery to the Company of the Notice of Exercise, (ii) one (1) Business Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate (but not Rule 144) purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) (other than in the case of a cashless exercise) is received within the earlier of (i) two (2) Business Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the volume weighted average price of the Common Stock on the date of the applicable Notice of Exercise), $10 per Business Day (increasing to $20 per Trading Day on the fifth (5^{th}) Business Day after such liquidated damages begin to accrue) for each Business Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. Following consummation of a Liquidity Event the Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

(ii) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

(iii) Rescission Rights. If the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

(iv) Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if, following a Liquidity Event, the Company fails to cause its transfer agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the product of (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy- In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

(v) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

(vi) Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all transfer agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares. The Company shall pay all attorney fees required for the issuance of attorney legal opinions for removal of restrictive legends on Warrant Shares.

(vii) Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

(e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, non-exercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or its transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) Subsequent Equity Sales. If and whenever, at any time while this Warrant is outstanding, the Company issues or sells, announces any offer, sale, or other disposition of, or in accordance with this Section 3 is deemed to have issued, sold or granted (or makes an announcement regarding the same), any shares of Common Stock and/or Common Stock Equivalents (including the issuance or sale of shares of Common Stock owned or held by or for the account of the Company, but excluding any securities issued or sold or deemed to have been issued or sold solely in connection with an Exempt Issuance) for a consideration per share (the "New Issuance Price") less than a price equal to the Exercise Price in effect immediately prior to such issuance or sale or deemed issuance or sale (such Exercise Price then in effect is referred to herein as the "Applicable Price") (the foregoing a "Dilutive Issuance"), then immediately after such Dilutive Issuance, (i) the Exercise Price then in effect shall be reduced to an amount equal to the New Issuance Price ; and (ii) the number of Warrant Securities issuable hereunder shall be increased such that the aggregate Exercise Price payable hereunder, after taking into account the decrease in the Exercise Price, (subject to adjustment as provided herein). For all purposes of the foregoing (including, without limitation, determining the adjusted Exercise Price and the New Issuance Price under this Section 3(b)), the following shall be applicable:

(i) Issuance of Options. If the Company in any manner grants, issues or sells (or enters into any agreement to grant, issue or sell) any Options (as defined below) and the lowest price per share for which one Common Stock is at any time issuable upon the exercise of any such Option (as defined below) or upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of any such Option (as defined below) or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Stock shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting or sale of such Option (as defined below) for such price per share. For purposes of this Section 3(b)(i), the "lowest price per share for which one Common Stock is at any time issuable upon the exercise of any such Options (as defined below) or upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of any such Option (as defined below) or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one share of Common Stock upon the granting, issuance or sale of such Option (as defined below), upon exercise of such Option (as defined below) and upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of such Option (as defined below) or otherwise pursuant to the terms thereof and (y) the lowest exercise price set forth in such Option (as defined below) for which one Common Stock is issuable (or may become issuable assuming all possible market conditions) upon the exercise of any such Options (as defined below) or upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of any such Option (as defined below) or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Option (or any other Person) upon the granting, issuance or sale of such Option (as defined below), upon exercise of such Option (as defined below) and upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of such Option (as defined below) or otherwise pursuant to the terms thereof plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Option (as defined below) (or any other Person). Except as contemplated below, no further adjustment of the Exercise Price shall be made upon the actual issuance of such shares of Common Stock or of such Common Stock Equivalents upon the exercise of such Options (as defined below) or otherwise pursuant to the terms of or upon the actual issuance of such shares of Common Stock upon conversion, exercise or exchange of such Common Stock Equivalents. "Option" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities, other than an option issued in an Exempt Issuance. "Convertible Securities" means any shares or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(ii) Issuance of Convertible Securities. If the Company in any manner issues or sells (or enters into any agreement to issue or sell) any Common Stock Equivalents and the lowest price per share for which one share of Common Stock is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof is less than the Applicable Price, then such shares of Common Stock shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Common Stock Equivalents for such price per share. For the purposes of this Section 3(b)(ii), the "lowest price per share for which one Common Stock is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one Common Stock upon the issuance or sale of the Common Stock Equivalents and upon conversion, exercise or exchange of such Common Stock Equivalents or otherwise pursuant to the terms thereof and (y) the lowest conversion price set forth in such Common Stock Equivalents for which one share of Common Stock is issuable (or may become issuable assuming all possible market conditions) upon conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Common Stock Equivalents (or any other Person) upon the issuance or sale of such Common Stock Equivalents plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Common Stock Equivalents (or any other Person). Except as contemplated below, no further adjustment of the Exercise Price shall be made upon the actual issuance of such shares of Common Stock upon conversion, exercise or exchange of such Common Stock Equivalents or otherwise pursuant to the terms thereof, and if any such issuance or sale of such Common Stock Equivalents is made upon exercise of any Options for which adjustment of this Warrant has been or is to be made pursuant to other provisions of this Section 3(b), except as contemplated below, no further adjustment of the Exercise Price shall be made by reason of such issuance or sale.

(iii) Change in Option Price or Rate of Conversion. If the purchase or exercise price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Common Stock Equivalents, or the rate at which any Common Stock Equivalents are convertible into or exercisable or exchangeable for shares of Common Stock increases or decreases at any time (other than proportional changes in conversion or exercise prices, as applicable, in connection with an event referred to in Section 3(a)), the Exercise Price in effect at the time of such increase or decrease shall be adjusted to the Exercise Price which would have been in effect at such time had such Options or Common Stock Equivalents provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 3(b)(iii), if the terms of any Option or Common Stock Equivalents that was outstanding as of the date this Warrant was issued are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Common Stock Equivalents and the shares of Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 3(b) shall be made if such adjustment would result in an increase of the Exercise Price then in effect.

(iv) Change in Option Price or Rate of Conversion. If any Option and/or Common Stock Equivalents and/or Adjustment Right (as defined below) is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as determined by the Holder, the "Primary Security", and such Option and/or Common Stock Equivalents and/or Adjustment Right (as defined below), the "Secondary Securities"), together comprising one integrated transaction, (or one or more transactions if such issuances or sales or deemed issuances or sales of securities of the Company either (A) have at least one investor or purchaser in common, (B) are consummated in reasonable proximity to each other and/or (C) are consummated under the same plan of financing) the aggregate consideration per share of Common Stock with respect to such Primary Security shall be deemed to be equal to the difference of (x) the lowest price per share for which one Common Stock was issued (or was deemed to be issued pursuant to Section 3(b)(i) or 3(b)(ii) above, as applicable) in such integrated transaction solely with respect to such Primary Security, minus (y) with respect to such Secondary Securities, the sum of (I) the Black Scholes Value (as defined below) of each such Option, if any, (II) the fair market value (as determined by the Holder in good faith) or the Black Scholes Value (as defined below), as applicable, of such Adjustment Right (as defined below), if any, and (III) the fair market value (as determined by the Holder) of such Common Stock Equivalents, if any, in each case, as determined on a per share basis in accordance with this section 3(b)(iv). If any shares of Common Stock, Options or Common Stock Equivalents are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor (for the purpose of determining the consideration paid for such Common Stock, Option or Common Stock Equivalents, but not for the purpose of the calculation of the Black Scholes Value) will be deemed to be the net amount of consideration received by the Company therefor. If any shares of Common Stock, Options or Common Stock Equivalents are issued or sold for a consideration other than cash, the amount of such consideration received by the Company (for the purpose of determining the consideration paid for such Common Stock, Option or Common Stock Equivalents, but not for the purpose of the calculation of the Black Scholes Value) will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the volume weighted average prices of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any shares of Common Stock, Options or Common Stock Equivalents are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor (for the purpose of determining the consideration paid for such shares of Common Stock, Option or Common Stock Equivalents, but not for the purpose of the calculation of the Black Scholes Value) will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock, Options or Common Stock Equivalents (as the case may be). The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "Valuation Event"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth (10th) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company). "Adjustment Right" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale hereunder) of Common Stock (other than rights of the type described in sections 3(c) and 3(d) hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(v) Change in Option Price or Rate of Conversion. If the Company takes a record of the holders of shares of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in shares of Common Stock, Options or in Common Stock Equivalents or (B) to subscribe for or purchase shares of Common Stock, Options or Common Stock Equivalents, then such record date will be deemed to be the date of the issuance or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase (as the case may be).

(c) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (*provided, however,* that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

(d) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

(e) Fundamental Transaction. If, at any time while this Warrant is outstanding, the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions(including any asset or group of assets, regardless whether then so classified by the Company, which would constitute a Significant Subsidiary, as such term is defined in Rule 1-02(w) of Regulation S-X), (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitations in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within thirty (30) days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction. "Black Scholes Value" means the value this Warrant based on the Black-Scholes Option Pricing Model obtained from the 'OV' function on Bloomberg L.P. determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting: (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date; (B) an expected volatility equal to the greater of hundred percent (100%) and the hundred (100) day volatility obtained from the HVT function on Bloomberg L.P. as of the Trading day immediately following the public announcement of the applicable Fundamental Transaction; (C) the underlying price per share used in such calculation shall be the greater of (i) the sum of the price per share being offered in cash, if any, plus the value of any non- cash consideration, if any, being offered in such Fundamental Transaction and (ii) the greater of (x) the last volume weighted average price immediately prior to the public announcement of such Fundamental Transaction and (y) the last volume weighted average price immediately prior to the consummation of such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds within five (5) Business Days of the Holder's election (or, if later, on the effective date of the Fundamental Transaction). The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

(f) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

(g) Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

(h) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date herein after specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

(a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.01 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Business Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

(b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Initial Exercise Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

(c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

(d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 4.01 of the Purchase Agreement.

(e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

(a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting any rights of a Holder to receive Warrant Shares on a "cashless exercise" pursuant to Section 2(c) or to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

(c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

(d) Authorized Shares.

(i) The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

(ii) Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (A) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (B) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant, and (C) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

(iii) Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents hereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

(e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

(f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws, and if the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

(g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

(h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

(i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

(k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

(l) Amendment; Waivers. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder. Further, any modifications, amendments or waivers of the provisions hereof shall be subject to Section 5.05 of the Purchase Agreement.

(m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

(n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(o) Equal Treatment of Holders. No consideration (including any modification of this Warrant) shall be offered or paid to any Person (as such term is defined in the Purchase Agreement) to amend or consent to a waiver or modification of any provision hereof unless the same consideration is also offered to all of the Holders. For clarification purposes, this provision constitutes a separate right granted to each Holder by the Company and negotiated separately by each Holder, and is intended for the Company to treat the Holders as a class and shall not in any way be construed as the Holders acting in concert or as a group with respect to the Warrants or the shares of Common Stock issuable upon exercise of the Warrants.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

NEURAXIS, INC.

By: _____
Name: Brian Carrico
Title: Chief Executive Officer

NOTICE OF EXERCISE

TO: [_____

(1) The undersigned hereby elects to purchase_____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

Payment shall take the form of lawful money of the United States; or

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] [if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) The Warrant Shares shall be delivered to the following DWAC Account Number:

_____

_____

_____

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity:_____

Signature of Authorized Signatory of Investing Entity:_____

Name of Authorized Signatory:_____

Title of Authorized Signatory:_____

Date:_____

EXHIBIT B

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated:_____ ,_____

Holder's Signature:_____

Holder's Address:_____

FIRST AMENDMENT TO
EXECUTIVE EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is executed effective the 4th day of May, 2023 by and between NeurAxis, Inc (f/k/a Innovative Health Solutions, Inc.), a Delaware corporation (the "Company") and Brian Carrico, an individual ("Executive"). Each of the Company and Executive may be referred to herein as a "Party" or collectively as the "Parties".

BACKGROUND

A. The Company and the Executive are parties to that certain Executive Employment Agreement (the "Employment Agreement") dated as of August 9, 2022 (capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Employment Agreement).

B. The Company plans to file a registration statement on Form S-1 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC") relating to the offering of the Company's shares of Common Stock in connection with a firm commitment underwritten initial public offering (the "IPO").

C. The Parties desire to amend the Employment Agreement to, among other things, (i) clarify the special one-time incentive payment set forth in Section 4(d) of the Employment Agreement and the Deferred Bonus set forth in Section 4(h) of the Employment Agreement are contingent upon the effective date of the IPO and (ii) set forth a process for Executive to exercise the Stock Options in accordance with the terms of the Stock Option agreements in effect as of the date of the Employment Agreement to clarify no modification of any such Stock Option agreements was or is intended by the terms of the Employment Agreement.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Employment Agreement as follows:

1. Section 4(d) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(d) shall read as follows:

(d) Special One-Time Incentive Payment. In accordance with Treasury Regulation Section 1.409A-1(b)(4)(ii), as soon as administratively practical, to reward past service, and incentivize Executive to remain with the Company for future service, a special one-time incentive payment of $435,576.92 shall be due and paid immediately in a single lump sum to Executive contingent upon and concurrently with the effective date of the IPO, and such special one-time incentive payment will be subject to taxes and withholdings.

2. Section 4(h) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(h) shall read as follows:

(h) Special Deferred Bonus.

(i) Subject to the terms and conditions set forth in this Section 4(h), Executive shall be entitled to payment of a special deferred bonus (the "Deferred Bonus") in an amount equal to (i) the aggregate of the strike price or exercise price of all Stock Options, as defined hereinafter (the "Aggregate Strike Price") plus (ii) a tax gross-up payment on the Aggregate Strike Price reasonably calculated by the Company at the highest marginal rates so that after payment of all ordinary income taxes on such Aggregate Strike Price, there remains an amount sufficient to pay such ordinary income taxes (the "Gross-Up Payment"). "Stock Options" as used in this Agreement shall mean the 320,000 unexercised options to purchase stock or shares of the Company or its predecessors-in-interest held by Executive as of the Effective Date (as adjusted by the 2 for 1 stock split effective as of January 12, 2023, the "Adjustment"). For purposes of clarity, the number of Stock Options stated in this Agreement reflect the numbers after the Adjustment.

(ii) Subject to Section 4(h)(iii) herein, the Deferred Bonus shall be paid in substantially equal twenty percent (20%) installments (collectively, the "Annual Deferred Bonus Payments" and each an "Annual Deferred Bonus Payment") on January 2nd (or if such date falls on a weekend day or holiday, then on the next business day) on each of 2024, 2025, 2026, 2027, and 2028 (collectively, the "Scheduled Payment Dates" and each a "Scheduled Payment Date") subject to withholding for taxes and other applicable deductions.

(iii) As a condition of the payment of each Annual Deferred Bonus Payment, Executive must, on or before the Scheduled Payment Date, exercise at least 64,000 of the Stock Options; provided, however, Executive shall not be eligible to receive any Annual Deferred Bonus Payment unless and until the IPO is effective. If a Scheduled Payment Date occurs prior to the effective date of the IPO, the corresponding Annual Deferred Bonus Payment will be forfeited by Executive. Executive may exercise any portion of the Stock Options after a Scheduled Payment Date (if the applicable Stock Options have not expired or have not otherwise been terminated pursuant to any other provision of the applicable Stock Option agreement); provided, however, an exercise after the applicable Scheduled Payment Date shall result in forfeiture of the related Annual Deferred Bonus Payment. After the IPO, for each Stock Option exercise during the years of Stock Option exercise set forth above, the corresponding Annual Deferred Bonus Payment, payable net of taxes withheld and applicable deductions, shall be used to offset the total strike price of the exercised Stock Options (if payment of the Annual Deferred Bonus Payment and exercise of the Stock Option are in the same year), which shall comprise payment of the applicable Annual Deferred Bonus Payment as compensation to Executive for the year of Stock Option exercise. Executive shall exercise the Stock Options in accordance with Section 4(h)(v) below. Since the Stock Options are non-qualified stock options, on exercise, Executive understands that he will be liable for any taxes that may result should the fair market value exceed the strike price of the underlying stock at the time of exercise and accordingly, Executive will make arrangements for such tax liability to be paid, whether through the cash out of sufficient shares, withholding of other compensation due to him from the Company, or otherwise.

(iv) Contingent on the IPO becoming effective, if Executive is terminated without Cause or he terminates his employment for any reason, (including in any event death or Disability), the remaining Annual Deferred Bonus Payments that have not been forfeited under this Section 4(h) shall be paid to Executive in substantially equal installments on the remaining Scheduled Payment Dates, provided he exercises his vested Stock Options as scheduled prior to the Scheduled Payment Dates, and provided further that such exercise will not be permitted after expiration of the applicable Stock Option, and upon such expiration, any corresponding Annual Deferred Bonus Payment will be forfeited. If Executive's employment is terminated by the Company for Cause, then he will forfeit the balance of his Deferred Bonus that remains unpaid, whether or not vested.

(v) In order to exercise the Stock Options, Executive shall enclose payment in full of the total exercise price in cash (by certified or bank check) (the "Exercise Notice"), receipt of which shall be timely acknowledged by the Company. Each Exercise Notice shall indicate the number of Stock Options being exercised, the exercise price per share, and the total exercise price for all Stock Options being exercised. Upon exercise, Executive shall deliver any other documents that the Company requires.

(vi) On a "Change in Control" (as defined below), Executive will fully vest in the unvested portion of his Deferred Bonus, and the remaining unpaid balance of the Deferred Bonus will be paid to Executive in a single lump sum within thirty (30) calendar days after a Change in Control, subject to withholding for taxes and applicable deductions. For purposes of this Agreement, "Change in Control" means the consummation of a transaction that constitutes a "change in the ownership" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(v) or (vii), respectively.

3. In all other respects, the Employment Agreement shall remain unchanged.

4. This Amendment may be executed in counterparts, and each executed counterpart shall have the same force and effect as an original instrument. The signature pages to this Amendment may be delivered via electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any signature page so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Remainder of Page Left Blank Intentionally.]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first written above.

COMPANY: NeurAxis, Inc.

By: */s/ Christopher R. Brown*
Printed: Christopher R. Brown
Title: Director of Innovation

EXECUTIVE: */s/ Brian Carrico*
Brian Carrico

Signature Page to First Amendment to Executive Employment Agreement

Exhibit 10.16

FIRST AMENDMENT TO
EXECUTIVE EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is executed effective the 4th day of May, 2023 by and between NeurAxis, Inc (f/k/a Innovative Health Solutions, Inc.), a Delaware corporation (the "Company") and Thomas J. Carrico, an individual ("Executive"). Each of the Company and Executive may be referred to herein as a "Party" or collectively as the "Parties".

BACKGROUND

A. The Company and the Executive are parties to that certain Executive Employment Agreement (the "Employment Agreement") dated as of August 9, 2022 (capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Employment Agreement).

B. The Company plans to file a registration statement on Form S-1 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC") relating to the offering of the Company's shares of Common Stock in connection with a firm commitment underwritten initial public offering (the "IPO").

C. The Parties desire to amend the Employment Agreement to, among other things, (i) clarify the special one-time incentive payment set forth in Section 4(d) of the Employment Agreement and the Deferred Bonus set forth in Section 4(h) of the Employment Agreement are contingent upon the effective date of the IPO and (ii) set forth a process for Executive to exercise the Stock Options in accordance with the terms of the Stock Option agreements in effect as of the date of the Employment Agreement to clarify no modification of any such Stock Option agreements was or is intended by the terms of the Employment Agreement.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Employment Agreement as follows:

1. Section 4(d) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(d) shall read as follows:

(d) Special One-Time Incentive Payment. In accordance with Treasury Regulation Section 1.409A-1(b)(4)(ii), as soon as administratively practical, to reward past service, and incentivize Executive to remain with the Company for future service, a special one-time incentive payment of $135,655.74 shall be due and paid immediately in a single lump sum to Executive contingent upon and concurrently with the effective date of the IPO, and such special one-time incentive payment will be subject to taxes and withholdings.

2. Section 4(h) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(h) shall read as follows:

(h) Special Deferred Bonus.

(i) Subject to the terms and conditions set forth in this Section 4(h), Executive shall be entitled to payment of a special deferred bonus (the "Deferred Bonus") in an amount equal to (i) the aggregate of the strike price or exercise price of all Stock Options, as defined hereinafter (the "Aggregate Strike Price") plus (ii) a tax gross-up payment on the Aggregate Strike Price reasonably calculated by the Company at the highest marginal rates so that after payment of all ordinary income taxes on such Aggregate Strike Price, there remains an amount sufficient to pay such ordinary income taxes (the "Gross-Up Payment"). "Stock Options" as used in this Agreement shall mean the 306,236 unexercised options to purchase stock or shares of the Company or its predecessors-in-interest held by Executive as of the Effective Date (as adjusted by the 2 for 1 stock split effective as of January 12, 2023, the "Adjustment"). For purposes of clarity, the number of Stock Options stated in this Agreement reflect the numbers after the Adjustment.

(ii) Subject to Section 4(h)(iii) herein, the Deferred Bonus shall be paid in substantially equal twenty percent (20%) installments (collectively, the "Annual Deferred Bonus Payments" and each an "Annual Deferred Bonus Payment") on January 2nd (or if such date falls on a weekend day or holiday, then on the next business day) on each of 2024, 2025, 2026, 2027, and 2028 (collectively, the "Scheduled Payment Dates" and each a "Scheduled Payment Date") subject to withholding for taxes and other applicable deductions.

(iii) As a condition of the payment of each Annual Deferred Bonus Payment, Executive must, on or before the Scheduled Payment Date, exercise at least 61,247 of the Stock Options; provided, however, Executive shall not be eligible to receive any Annual Deferred Bonus Payment unless and until the IPO is effective. If a Scheduled Payment Date occurs prior to the effective date of the IPO, the corresponding Annual Deferred Bonus Payment will be forfeited by Executive. Executive may exercise any portion of the Stock Options after a Scheduled Payment Date (if the applicable Stock Options have not expired or have not otherwise been terminated pursuant to any other provision of the applicable Stock Option agreement); provided, however, an exercise after the applicable Scheduled Payment Date shall result in forfeiture of the related Annual Deferred Bonus Payment. After the IPO, for each Stock Option exercise during the years of Stock Option exercise set forth above, the corresponding Annual Deferred Bonus Payment, payable net of taxes withheld and applicable deductions, shall be used to offset the total strike price of the exercised Stock Options (if payment of the Annual Deferred Bonus Payment and exercise of the Stock Option are in the same year), which shall comprise payment of the applicable Annual Deferred Bonus Payment as compensation to Executive for the year of Stock Option exercise. Executive shall exercise the Stock Options in accordance with Section 4(h)(v) below. Since the Stock Options are non-qualified stock options, on exercise, Executive understands that he will be liable for any taxes that may result should the fair market value exceed the strike price of the underlying stock at the time of exercise and accordingly, Executive will make arrangements for such tax liability to be paid, whether through the cash out of sufficient shares, withholding of other compensation due to him from the Company, or otherwise.

(iv) Contingent on the IPO becoming effective, if Executive is terminated without Cause or he terminates his employment for any reason, (including in any event death or Disability), the remaining Annual Deferred Bonus Payments that have not been forfeited under this Section 4(h) shall be paid to Executive in substantially equal installments on the remaining Scheduled Payment Dates, provided he exercises his vested Stock Options as scheduled prior to the Scheduled Payment Dates, and provided further that such exercise will not be permitted after expiration of the applicable Stock Option, and upon such expiration, any corresponding Annual Deferred Bonus Payment will be forfeited. If Executive's employment is terminated by the Company for Cause, then he will forfeit the balance of his Deferred Bonus that remains unpaid, whether or not vested.

(v) In order to exercise the Stock Options, Executive shall enclose payment in full of the total exercise price in cash (by certified or bank check) (the "Exercise Notice"), receipt of which shall be timely acknowledged by the Company. Each Exercise Notice shall indicate the number of Stock Options being exercised, the exercise price per share, and the total exercise price for all Stock Options being exercised. Upon exercise, Executive shall deliver any other documents that the Company requires.

(vi) On a "Change in Control" (as defined below), Executive will fully vest in the unvested portion of his Deferred Bonus, and the remaining unpaid balance of the Deferred Bonus will be paid to Executive in a single lump sum within thirty (30) calendar days after a Change in Control, subject to withholding for taxes and applicable deductions. For purposes of this Agreement, "Change in Control" means the consummation of a transaction that constitutes a "change in the ownership" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(v) or (vii), respectively.

3. In all other respects, the Employment Agreement shall remain unchanged.

4. This Amendment may be executed in counterparts, and each executed counterpart shall have the same force and effect as an original instrument. The signature pages to this Amendment may be delivered via electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any signature page so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Remainder of Page Left Blank Intentionally.]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first written above.

COMPANY: NeurAxis, Inc.

By: */s/ Brian Carrico*
Printed: Brian Carrico
Title: President & Chief Executive Officer

EXECUTIVE: */s/ Thomas J. Carrico*
Thomas J. Carrico

Exhibit 10.18

FIRST AMENDMENT TO
EXECUTIVE EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is executed effective the 4th day of May, 2023 by and between NeurAxis, Inc (f/k/a Innovative Health Solutions, Inc.), a Delaware corporation (the "Company") and Daniel Clarence, an individual ("Executive"). Each of the Company and Executive may be referred to herein as a "Party" or collectively as the "Parties".

BACKGROUND

A. The Company and the Executive are parties to that certain Executive Employment Agreement (the "Employment Agreement") dated as of August 9, 2022 (capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Employment Agreement).

B. The Company plans to file a registration statement on Form S-1 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC") relating to the offering of the Company's shares of Common Stock in connection with a firm commitment underwritten initial public offering (the "IPO").

C. The Parties desire to amend the Employment Agreement to, among other things, (i) clarify the special one-time incentive payment set forth in Section 4(d) of the Employment Agreement and the Deferred Bonus set forth in Section 4(h) of the Employment Agreement are contingent upon the effective date of the IPO and (ii) set forth a process for Executive to exercise the Stock Options in accordance with the terms of the Stock Option agreements in effect as of the date of the Employment Agreement to clarify no modification of any such Stock Option agreements was or is intended by the terms of the Employment Agreement.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Employment Agreement as follows:

1. Section 4(d) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(d) shall read as follows:

(d) Special One-Time Incentive Payment. In accordance with Treasury Regulation Section 1.409A-1(b)(4)(ii), as soon as administratively practical, to reward past service, and incentivize Executive to remain with the Company for future service, a special one-time incentive payment of $34,888.62 shall be due and paid immediately in a single lump sum to Executive contingent upon and concurrently with the effective date of the IPO, and such special one-time incentive payment will be subject to taxes and withholdings.

2. Section 4(h) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(h) shall read as follows:

(h) Special Deferred Bonus.

(i) Subject to the terms and conditions set forth in this Section 4(h), Executive shall be entitled to payment of a special deferred bonus (the "Deferred Bonus") in an amount equal to (i) the aggregate of the strike price or exercise price of all Stock Options, as defined hereinafter (the "Aggregate Strike Price") plus (ii) a tax gross-up payment on the Aggregate Strike Price reasonably calculated by the Company at the highest marginal rates so that after payment of all ordinary income taxes on such Aggregate Strike Price, there remains an amount sufficient to pay such ordinary income taxes (the "Gross-Up Payment"). "Stock Options" as used in this Agreement shall mean the 68,818 unexercised options to purchase stock or shares of the Company or its predecessors-in-interest held by Executive as of the Effective Date (as adjusted by the 2 for 1 stock split effective as of January 12, 2023, the "Adjustment"). For purposes of clarity, the number of Stock Options stated in this Agreement reflect the numbers after the Adjustment.

(ii) Subject to Section 4(h)(iii) herein, the Deferred Bonus shall be paid in substantially equal twenty percent (20%) installments (collectively, the "Annual Deferred Bonus Payments" and each an "Annual Deferred Bonus Payment") on January 2nd (or if such date falls on a weekend day or holiday, then on the next business day) on each of 2024, 2025, 2026, 2027, and 2028 (collectively, the "Scheduled Payment Dates" and each a "Scheduled Payment Date") subject to withholding for taxes and other applicable deductions.

(iii) As a condition of the payment of each Annual Deferred Bonus Payment, Executive must, on or before the Scheduled Payment Date, exercise at least 13,764 of the Stock Options; provided, however, Executive shall not be eligible to receive any Annual Deferred Bonus Payment unless and until the IPO is effective. If a Scheduled Payment Date occurs prior to the effective date of the IPO, the corresponding Annual Deferred Bonus Payment will be forfeited by Executive. Executive may exercise any portion of the Stock Options after a Scheduled Payment Date (if the applicable Stock Options have not expired or have not otherwise been terminated pursuant to any other provision of the applicable Stock Option agreement); provided, however, an exercise after the applicable Scheduled Payment Date shall result in forfeiture of the related Annual Deferred Bonus Payment. After the IPO, for each Stock Option exercise during the years of Stock Option exercise set forth above, the corresponding Annual Deferred Bonus Payment, payable net of taxes withheld and applicable deductions, shall be used to offset the total strike price of the exercised Stock Options (if payment of the Annual Deferred Bonus Payment and exercise of the Stock Option are in the same year), which shall comprise payment of the applicable Annual Deferred Bonus Payment as compensation to Executive for the year of Stock Option exercise. Executive shall exercise the Stock Options in accordance with Section 4(h)(v) below. Since the Stock Options are non-qualified stock options, on exercise, Executive understands that he will be liable for any taxes that may result should the fair market value exceed the strike price of the underlying stock at the time of exercise and accordingly, Executive will make arrangements for such tax liability to be paid, whether through the cash out of sufficient shares, withholding of other compensation due to him from the Company, or otherwise.

(iv) Contingent on the IPO becoming effective, if Executive is terminated without Cause or he terminates his employment for any reason, (including in any event death or Disability), the remaining Annual Deferred Bonus Payments that have not been forfeited under this Section 4(h) shall be paid to Executive in substantially equal installments on the remaining Scheduled Payment Dates, provided he exercises his vested Stock Options as scheduled prior to the Scheduled Payment Dates, and provided further that such exercise will not be permitted after expiration of the applicable Stock Option, and upon such expiration, any corresponding Annual Deferred Bonus Payment will be forfeited. If Executive's employment is terminated by the Company for Cause, then he will forfeit the balance of his Deferred Bonus that remains unpaid, whether or not vested.

(v) In order to exercise the Stock Options, Executive shall enclose payment in full of the total exercise price in cash (by certified or bank check) (the "Exercise Notice"), receipt of which shall be timely acknowledged by the Company. Each Exercise Notice shall indicate the number of Stock Options being exercised, the exercise price per share, and the total exercise price for all Stock Options being exercised. Upon exercise, Executive shall deliver any other documents that the Company requires.

(vi) On a "Change in Control" (as defined below), Executive will fully vest in the unvested portion of his Deferred Bonus, and the remaining unpaid balance of the Deferred Bonus will be paid to Executive in a single lump sum within thirty (30) calendar days after a Change in Control, subject to withholding for taxes and applicable deductions. For purposes of this Agreement, "Change in Control" means the consummation of a transaction that constitutes a "change in the ownership" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(v) or (vii), respectively.

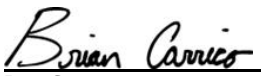
3. In all other respects, the Employment Agreement shall remain unchanged.

4. This Amendment may be executed in counterparts, and each executed counterpart shall have the same force and effect as an original instrument. The signature pages to this Amendment may be delivered via electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any signature page so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Remainder of Page Left Blank Intentionally.]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first written above.

COMPANY: NeurAxis, Inc.

By: 

Printed: Brian Carrico
Title: President & Chief Executive Officer

EXECUTIVE:

Daniel Clarence

Exhibit 10.20

FIRST AMENDMENT TO
EXECUTIVE EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is executed effective the 4th day of May, 2023 by and between NeurAxis, Inc (f/k/a Innovative Health Solutions, Inc.), a Delaware corporation (the "Company") and Christopher R. Brown, an individual ("Executive"). Each of the Company and Executive may be referred to herein as a "Party" or collectively as the "Parties".

BACKGROUND

A. The Company and the Executive are parties to that certain Executive Employment Agreement (the "Employment Agreement") dated as of August 9, 2022 (capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Employment Agreement).

B. The Company plans to file a registration statement on Form S-1 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC") relating to the offering of the Company's shares of Common Stock in connection with a firm commitment underwritten initial public offering (the "IPO").

C. The Parties desire to amend the Employment Agreement to, among other things, clarify the special one-time incentive payment set forth in Section 4(d) of the Employment Agreement is contingent upon the effective date of the IPO.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Employment Agreement as follows:

1. Section 4(d) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(d) shall read as follows:

(d) Special One-Time Incentive Payment. In accordance with Treasury Regulation Section 1.409A-1(b)(4)(ii), as soon as administratively practical, to reward past service, and incentivize Executive to remain with the Company for future service, a special one-time incentive payment of $35,294.36 shall be due and paid immediately in a single lump sum to Executive contingent upon and concurrently with the effective date of the IPO, and such special one-time incentive payment will be subject to taxes and withholdings.

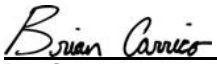
2. In all other respects, the Employment Agreement shall remain unchanged.

3. This Amendment may be executed in counterparts, and each executed counterpart shall have the same force and effect as an original instrument. The signature pages to this Amendment may be delivered via electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any signature page so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Remainder of Page Left Blank Intentionally.]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first written above.

COMPANY: NeurAxis, Inc.

By: 

Printed: Brian Carrico
Title: President & Chief Executive Officer

EXECUTIVE:

Christopher R. Brown

Exhibit 10.22

FIRST AMENDMENT TO
EXECUTIVE EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is executed effective the 4th day of May, 2023 by and between NeurAxis, Inc (f/k/a Innovative Health Solutions, Inc.), a Delaware corporation (the "Company") and Gary Peterson, an individual ("Executive"). Each of the Company and Executive may be referred to herein as a "Party" or collectively as the "Parties".

BACKGROUND

A. The Company and the Executive are parties to that certain Executive Employment Agreement (the "Employment Agreement") dated as of August 9, 2022 (capitalized terms not otherwise defined in this Amendment shall have the meanings ascribed to such terms in the Employment Agreement).

B. The Company plans to file a registration statement on Form S-1 (the "Registration Statement") with the U.S. Securities and Exchange Commission (the "SEC") relating to the offering of the Company's shares of Common Stock in connection with a firm commitment underwritten initial public offering (the "IPO").

C. The Parties desire to amend the Employment Agreement to, among other things, clarify the special one-time incentive payment set forth in Section 4(d) of the Employment Agreement is contingent upon the effective date of the IPO.

AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby amend the Employment Agreement as follows:

1. Section 4(d) of the Employment Agreement shall be completely amended and restated, such that, as revised, Section 4(d) shall read as follows:

(d) Special One-Time Incentive Payment. In accordance with Treasury Regulation Section 1.409A-1(b)(4)(ii), as soon as administratively practical, to reward past service, and incentivize Executive to remain with the Company for future service, a special one-time incentive payment of $6,730.77 shall be due and paid immediately in a single lump sum to Executive contingent upon and concurrently with the effective date of the IPO, and such special one-time incentive payment will be subject to taxes and withholdings.

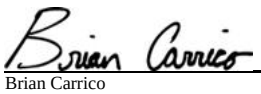
2. In all other respects, the Employment Agreement shall remain unchanged.

3. This Amendment may be executed in counterparts, and each executed counterpart shall have the same force and effect as an original instrument. The signature pages to this Amendment may be delivered via electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any signature page so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[Remainder of Page Left Blank Intentionally.]

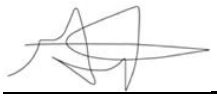
IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first written above.

COMPANY: NeurAxis, Inc.

By: 

Printed: Brian Carrico
Title: President & Chief Executive Officer

EXECUTIVE:



Gary Peterson

Signature Page to First Amendment to Executive Employment Agreement

Exhibit 10.32

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "**Agreement**") is dated as of February ___, 2023 between NEURAXIS, INC., a Delaware corporation (the "**Company**"), and each purchaser identified on the ***Annex A*** hereto (each, including its successors and assigns, an "**Investor**" or "**Holder**") and collectively, the "**Investors**").

WHEREAS, the Investors wish to purchase from the Company, and the Company wishes to sell and issue to the Investors: (i) senior secured convertible notes reflecting a 10% original issue discount in the form of **Appendix B** hereto (each, a "**Note**" and collectively, the "**Notes**") in an aggregate principal amount of up to $6,666,666.67, and (ii) warrants to purchase shares of Common Stock, in the form of **Appendix C** hereto (each, a "**Warrant**" and collectively, the "**Warrants**");

WHEREAS, Alexander Capital, L.P. (the "**Placement Agent**") is acting as the exclusive placement agent for the offering of Notes and Warrants contemplated by this Agreement (the "**Offering**"); and

WHEREAS, the Company and Investors are executing and delivering this Agreement in reliance upon an exemption from securities registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), afforded by the provisions of Section 4(a)(2) and/or Rule 506(b) of Regulation D promulgated thereunder by the U.S. Securities and Exchange Commission.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Investor agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. In addition to the terms defined elsewhere in this Agreement:

(a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Notes (as defined herein), and (b) the following terms have the meanings set forth in this Agreement.

"$" means United States Dollars.

"Action" shall have the meaning ascribed to such term in Section 3.01(k).

"Affiliate" of any Person means any other Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with such first Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except Saturday, Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

"Closing" means the closing of the purchase and sale of the Securities pursuant to Section 2.01.

"Closing Date" means for any Securities, the Business Day when all of the Transaction Documents for such Securities have been executed and delivered by the applicable parties thereto, and conditions precedent to: (i) the applicable Investors' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver such Securities have been satisfied or waived.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalent" means any convertible security or warrant, option or other right to subscribe for or purchase any additional shares of Common Stock or any convertible security.

"Confidential Investor Questionnaire" means the Confidential Investor Questionnaire attached as **Appendix A** hereto.

"Conversion Shares" has the meaning provided in the Notes.

"Conversion Price" has the meaning provided in the Notes.

"Exempt Issuance" means the issuance of: (i) shares of Common Stock or options to employees, officers, or directors of the Company pursuant to any stock or option plan duly adopted by a majority of the Board of Directors of the Company or a majority of the members of a committee of directors established for such purpose, (ii) shares of Common Stock or options to management of the Company pursuant to any management incentive plan duly adopted by a majority of the Board of Directors of the Company or a majority of the members of a committee of directors established for such purpose, and (iii) shares of Common Stock issued to an Investor in repayment of interest under any Note as agreed upon by the Company and the applicable Investor.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exercise Price" has the meaning provided in the Warrants.

"Existing Convertible Notes" the convertible notes of the Company issued during 2022 in the aggregate principal amount of $3,555,555.56.

"Final Maturity Date" has the meaning provided in the Notes.

"FINRA" means the Financial Industry Regulatory Authority.

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.01(p).

"Lead Investor" means _____.

"Legend Removal Date" shall have the meaning ascribed to such term in Section 4.01(c).

"Liens" shall mean a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction or adverse claim of a third party.

"Liquidity Event" has the meaning provided in the Notes.

"Material Adverse Effect" shall have the meaning ascribed to such term in Section 3.01(b).

"Maximum Offering Amount" means an aggregate Subscription Amount of up to Six Million Dollars ($6,000,000), equating to an aggregate maximum Original Principal Amount of Notes of $6,666,666.67 after applying the Original Issue Discount.

"Notes" means the senior secured convertible notes reflecting a 10% original issue discount issued by the Company to the Investors hereunder, in the form of **Appendix B** attached hereto.

"Offering Price" means the price per share of the Common Stock paid in the first Liquidity Event to occur after the Closing Date.

"Original Issue Discount" and "OID" mean 10%.

"Original Principal Amount" means, with respect to any Investor's Note(s), the amount obtained by *dividing*: (i) the Subscription Amount for such Note(s) under this Agreement *by* (ii) 100% *less* the OID (or 90%).

"Permitted Liens" has the meaning provided in the Security Agreement.

"Person" means an individual or corporation, partnership, trust, incorporated or un-incorporated association, joint-venture, limited liability company, joint-stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Placement Agent" shall have the meaning ascribed to such term in the recitals hereof.

"Placement Agent Warrant" shall have the meaning ascribed to such term in section 3.01(r).

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Registration Rights Agreement" means the Registration Rights Agreement in the form of **Appendix E** attached hereto.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.01(e).

"Required Minimum" means, as of any date, upon the request of the Holder, 200% of the maximum aggregate number of shares of Underlying Securities then issued or potentially issuable in the future pursuant to this Agreement, conversion of all Notes and exercise of all Warrants, ignoring any conversion or exercise limits set forth therein.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Securities" means the Notes and the Warrants.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Security Agreement" means the Security Agreement, dated as of the date hereof, in the form of **Appendix D** attached hereto.

"State Securities Laws" means the securities (or "blue sky") rules, regulations, or other similar laws of a particular state.

"Subscription Amount" means, as to each Investor, the aggregate amount to be paid for Securities purchased hereunder as specified below such Investor's name on the signature page of this Agreement and next to the heading "Aggregate Subscription Amount," in United States Dollars and in immediately available funds.

"Subsidiary" means any direct or indirect subsidiary of the Company as set forth on Section 3.01(a), if any, and shall, where applicable, include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"Termination Date" means a date determined by the Company on which the offering of the Securities shall terminate.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed for trading or quoted on the date in question: the NYSE, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, or the Nasdaq Global Select Market (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Notes, the Warrants, the Placement Agent Warrant, the Security Agreement, the Registration Rights Agreement and all appendices, exhibits and schedules hereto and thereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Underlying Securities" means the Conversion Shares and the Warrant Shares.

"Warrants" means the warrants issued by the Company to the Investors hereunder, in the form of **Appendix C** attached hereto.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of or otherwise pursuant to the Warrants.

ARTICLE II
PURCHASE AND SALE

Section 2.01 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Investors, severally and not jointly, agree to purchase Securities. At the Closing, the Investors shall deliver, via wire transfer, immediately available funds equal to the Investors' aggregate Subscription Amounts to the Company and the Company shall deliver to each Investor its Securities. The Company and each Investor shall deliver the other items set forth in Section 2.02 deliverable at the Closing. Upon satisfaction of the conditions set forth in Sections 2.02 and 2.03, the Closing shall occur at the offices of the Company's counsel, or such other location as the parties shall mutually agree or may be closed remotely by electronic delivery of documents. The Company may conduct multiple closings for the sale of the Securities until it has received the Maximum Offering Amount. The Closing Date for any Securities shall be the date indicated on the applicable Investor signature pages attached hereto and the final Closing Date shall be no later than the Termination Date.

Section 2.02 Closing Deliverables.

(a) By Each Investor. On or prior to the Closing Date, each Investor shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Investor;

(ii) a duly completed and signed Confidential Investor Questionnaire, a copy of which is attached hereto as **Appendix A**,

(iii) the Security Agreement, the form of which is attached hereto as **Appendix D**, duly executed by such Investor;

(iv) the Registration Rights Agreement, the form of which is attached hereto as **Appendix E**, duly executed by such Investor; and

(v) such Investor's Subscription Amount by wire transfer to counsel to the Placement Agent pursuant to the wiring instructions set forth in Section 2.03(c).

(b) By the Company. On or prior to the Closing Date, the Company shall deliver or cause to be delivered to the Placement Agent the following:

(i) this Agreement, duly executed by an authorized officer of behalf of the Company;

(ii) a Note, the form of which is attached hereto as **Appendix B**, registered in the name of each relevant Investor, with a principal amount equal to such Investor's Original Principal Amount, duly executed by an authorized officer of behalf of the Company;

(iii) a Warrant, the form of which is attached hereto as **Appendix C**, registered in the name of each relevant Investor, duly executed by an authorized officer of behalf of the Company, to purchase a number of shares of Common Stock determined by *dividing* (A) 50% of the Original Principal Amount of such Investor's Note *by* (B) the Offering Price;

(iv) the Security Agreement, the form of which is attached hereto as **Appendix D**, duly executed by an authorized officer on behalf of the Company;

(v) the Registration Rights Agreement, the form of which is attached hereto as **Appendix E**, duly executed by an authorized officer on behalf of the Company

(vi) the Placement Agent Warrant, duly executed by an authorized officer on behalf of the Company; and

(vii) an officer's certificate of the Company certifying the Company's: (a) certified charter (or similar formation document); (b) good standing certificate in its state of incorporation (or formation); (c) bylaws (or similar governing document); and (d) resolutions of its Board of Directors (or similar governing body) approving and authorizing the execution, delivery and performance of the Transaction Documents and the transactions contemplated thereby.

Section 2.03 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Closing Date of each Investor's representations and warranties contained herein;

(ii) all obligations, covenants and agreements of each Investor required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by each Investor of the items set forth in Section 2.02(a) of this Agreement.

(b) The respective obligations of the Investors hereunder in connection with the Closing are subject to the following conditions being met (it being understood that the Company may waive any of the conditions for any Closing hereafter):

(i) the accuracy in all material respects (or, to the extent representations or warranties are qualified by materiality or Material Adverse Effect, in all respects) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.02(b) of this Agreement; and

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

(c) The wiring instructions for counsel to the Placement Agent are as follows:

Bank Name:	Signature Bank 565 Fifth Avenue New York, New York 10017
Routing No.:	026013576
Account No.:	1505039390
Account Title:	Signature Bank as Escrow Agent for Neuraxis, Inc.
Swift Code:* (*International only)	SIGNUS33

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.01 Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to each Investor as of the date hereof:

(a) Subsidiaries. The Company does not have any Subsidiaries.

(b) Organization and Qualification. The Company is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the State of Delaware, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. The Company is not in violation or default of any of the provisions of its articles of incorporation or bylaws, each, as amended and in effect. A complete and correct copy of the Company's certificate or articles of incorporation and bylaws, each as amended and in effect on the date of this Agreement and as they will be in effect on the Closing Date, is attached to the officer's certificate referenced in Section 2.02(b)(vii). There are no other organizational or charter documents of the Company. The Company is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document; (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company or any of its material assets or lines of business, individually; or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "**Material Adverse Effect**") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification; *provided, however*, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions, (ii) conditions generally affecting the industry in which the Company or any Subsidiary operates, (iii) any changes in financial or securities markets in general, (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof, (v) any pandemic, epidemics or human health crises (including COVID-19), (vi) any changes in applicable laws or accounting rules, (vii) the announcement, pendency or completion of the transactions contemplated by the Transaction Documents, or (viii) any action required or permitted by the Transaction Documents or any action taken (or omitted to be taken) with the written consent of or at the written request of the Investors holding a majority in principal amount outstanding of the Notes).

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection therewith other than in connection with the Required Approvals. Each Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally; (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Documents to which it is a party, the issuance and sale of the Securities and Placement Agent Warrants, the issuance of the Underlying Securities in accordance with the provisions of the Transaction Documents, and the consummation by the Company of the other transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's certificate of incorporation, bylaws or other organizational or charter documents; (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company (other than the Liens granted under the Security Agreement), or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company debt or otherwise) or other understanding to which the Company is a party or by which any property or asset of the Company is bound or affected; or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company is subject (including federal and State Securities Laws and regulations), or by which any property or asset of the Company is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) such consents, waivers, or authorizations as have been obtained before the Closing; and (ii) the filing of Form D with the Commission and such filings as are required to be made under applicable State Securities Laws (collectively, the "**Required Approvals**").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and/or paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for in the Transaction Documents. The Underlying Securities, when issued in accordance with the terms of the Securities, will be validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for in the Securities. The Company has reserved from its duly authorized capital stock a number of shares of Common Stock for issuance of the Underlying Securities at least equal to the Required Minimum on the date hereof.

(g) Capitalization. The Company has authorized: (i) 100,000,000 shares of Common Stock, of which _____shares are issued and outstanding as of the Closing Date, and (ii) 1,120,000 shares of Preferred Stock, par value $0.001 per share ("**Preferred Stock**"), of which (x) 1,000,000 has been designated Series A Preferred Stock ("**Series A Preferred**"), of which [506,637] shares are issued and outstanding as of the Closing Date, and (y) 120,000 has been designated as Series Seed Preferred, of which none (0) of which are issued and outstanding as of the Closing Date. Other than Exempt Issuances, the Existing Convertible Notes, such shares of Series A Preferred, the Securities and the Placement Agent Warrant, there are no outstanding options, warrants, script rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any person any right to subscribe for or acquire, any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company is or may become bound to issue additional shares of Common Stock, or securities or rights convertible or exchangeable into shares of Common Stock. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents except for such, if any, as will have been validly waived before the Closing. The issuance and sale of the Securities and Placement Agent Warrant will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Investors) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable, have been issued in compliance with all federal law and State Securities Laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities, except for such approvals as have been obtained prior to Closing. There are no stockholders' agreements, voting agreements or voting trusts, investor rights agreements, rights of first refusal, preemptive rights, co-sale agreements, drag-along agreements, transfer restrictions or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) Financial Statements. The financial statements of the Company made available to the Placement Agent and Investors prior to the date hereof have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("**GAAP**"), except as may be otherwise specified in such financial statements or the notes thereto, and fairly present in all material respects the financial position of the Company as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Undisclosed Liabilities. The Company has no liability, indebtedness, obligation, expense, claim, deficiency or guaranty of any type, whether accrued, absolute, contingent, matured, unmatured or otherwise, required to be reflected in financial statements in accordance with GAAP, which individually or in the aggregate: (A) has not been reflected in the latest balance sheet included in the financial statements referenced hereinabove; or (B) has not arisen: (i) in the ordinary course of business, consistent with past practices, since the date of the latest balance sheet included in such financial statements in an amount that does not exceed $25,000 in any one case or $50,000 in the aggregate, (ii) pursuant to or in connection with this Agreement or other Transaction Document, or (c) are executory performance obligations to be performed after the date hereof in the ordinary course of business pursuant to agreement(s) entered into in the ordinary course of business, consistent with past practices. The Company is not in default with respect to any Indebtedness.

(j) Material Changes. Since the date of the latest financial statements made available to the Placement Agent and Investors prior to the date hereof: (A) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect; (B) the Company has not incurred any liabilities (contingent or otherwise) other than (i) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, and (ii) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP; (C) the Company has not altered their method of accounting; (D) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock except; and (E) the Company has not issued any equity securities except in favor of an officer, director or consultant pursuant to an existing Company equity incentive plans.

(k) Litigation. Except as set forth on Schedule 3.01(k), there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, or any of its properties, before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "**Action**") which: (A) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities; or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. None of the Company or any director or officer thereof, is or has been the subject of any Action involving: (x) a claim of violation of or liability under the Securities Act, the Exchange Act, FINRA rules or any State Securities Laws; (y) breach of fiduciary duty; or (z) fraud (statutory or common law), embezzlement, misappropriation or conversion of property or rights, or any other crime involving deceit.

(l) Labor Relations. To the knowledge of the Company, no labor dispute exists or is imminent with respect to any of the employees of the Company which could reasonably be expected to result in a Material Adverse Effect. None of the Company's employees is a member of a union that relates to such employee's relationship with the Company, and the Company is not a party to any collective bargaining agreement. The Company believes that its relationships with its employees are good. No executive officer, to the knowledge of the Company, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non- competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company to any liability with respect to any of the foregoing matters. To the best of the Company's knowledge, it is in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(m) Compliance. The Company: (i) is neither in default under nor in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company under), nor has the Company received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived); (ii) is not in violation of any order of any court, arbitrator or governmental body; and (iii) is not and has not been in material violation of any statute, law, rule or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws applicable to its business and all such laws that affect the environment.

(n) Regulatory Permits. The Company possesses all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct its business, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect, and to the knowledge of the Company, the Company has not received any notice of proceedings relating to the revocation or modification of any Material Permit.

(o) Title to Assets. The Company has good and marketable title in fee simple to all real property and good and marketable title in all personal property owned by it that, in each case, is material to the business of the Company, in each case free and clear of all Liens, except for Permitted Liens.

(p) Patents and Trademarks. (i) The Company has, or has rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as necessary or material for use in connection with its business and which the failure to so have could reasonably be expected to have a Material Adverse Effect (collectively, the "**Intellectual Property Rights**"); (ii) to the knowledge of the Company, the Company has not received a notice (written or otherwise) that any of the Intellectual Property Rights violates or infringes upon the intellectual property rights of any other Person; (iii) all Intellectual Property Rights are enforceable by the Company, and to the knowledge of the Company, there is no existing infringement by any other Person of any of the Intellectual Property Rights, except where the failure to be so enforceable or for such infringements as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iv) the Company has taken reasonable security measures to protect the secrecy, confidentiality and value of all of its Intellectual Property Rights, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(q) Transactions with Officers, Directors and Employees. None of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company, is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from, any such officer, director or employee or, to the knowledge of the Company, any entity in which any such officer, director or employee has a substantial interest or is an officer, director, trustee, member or partner, in each case other than for: (x) payment of salary or fees for services rendered; (y) reimbursement for expenses incurred on behalf of the Company; and (z) other employee benefits, including stock option agreements under any stock option plan of the Company.

(r) Certain Fees. Other than fees, commissions and expense reimbursement payable to the Placement Agent (which include: (i) a cash commission of ten percent (10%) of the proceeds raised in the Offering from Investors introduced to the Company by the Placement Agent; (ii) the granting to the Placement Agent of a warrant for the purchase of a number of shares of Common Stock equal to 6% of the number of Underlying Securities (the "**Placement Agent Warrant**"); and (iii) the other matters set forth in the engagement letter between the Company and the Placement Agent dated April 13, 2022), no brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the Offering or any of the transactions contemplated by the Transaction Documents. The Investors shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section 3.01(r) that may be due in connection with the Offering or any of the transactions contemplated by the Transaction Documents.

(s) Private Placement. Assuming the accuracy of the Investors' representations and warranties set forth in Section 3.02, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Investors as contemplated hereby.

(t) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities will not be or be an Affiliate of, an 'investment company' within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not be an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(u) Registration Rights. Other than pursuant to the Transaction Documents and those granted to holders of Existing Convertible Notes, no Person has any right to demand the Company to file a registration statement under the Securities Act covering the sale of any securities of the Company.

(v) Disclosure. Except with respect to: (i) the material terms and conditions of the transactions contemplated by the Transaction Documents; and (ii) information given to the Investors, if any, which the Company hereby confirms will not constitute material non-public information, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Investors or their agents or counsel with any information that it believes constitutes or might constitute material, nonpublic information. The Company understands and confirms that the Investors will rely on the foregoing representation in effecting transactions in securities of the Company. All disclosure furnished by or on behalf of the Company to the Investors regarding the Company, its business and the transactions contemplated hereby, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(w) No Integrated Offering. Assuming the accuracy of the Investors' representations and warranties set forth in Section 3.02, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the Securities Act which would require the registration of any such securities under the Securities Act.

(x) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder: (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature; (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, and projected capital requirements and capital availability thereof; and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company will not, after the Closing Date, incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date.

(y) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company has filed all federal, state and foreign income and franchise tax returns and have paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been asserted or threatened against the Company.

(z) No General Solicitation. Neither the Company nor any Person acting on behalf of the Company has offered or sold any of the Securities or Underlying Securities by any form of general solicitation or general advertising. The Company has offered the Securities and Underlying Securities for sale only to the Investors and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(aa) Insurance. The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company reasonably believes to be prudent and customary in the businesses in which the Company is engaged. The Company has never been refused any insurance coverage sought or applied for, and the Company has no reason to believe that it will not be able to renew all existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers.

(bb) Acknowledgment Regarding Investors' Purchase of Securities. The Company acknowledges and agrees that each of the Investors is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Investor is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Investor or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Investors' purchase of the Securities. The Company further represents to each Investor that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(cc) No Disqualification Events. With respect to Securities to be offered and sold hereunder in reliance on Rule 506(b) under the Securities Act ("Regulation D Securities"), none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of twenty percent (10%) or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of sale (each, an "Issuer Covered Person" and, together, "Issuer Covered Persons") is subject to any of the 'Bad Actor' disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "Disqualification Event"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e), and has furnished to the Investors a copy of any disclosures provided thereunder.

(dd) Other Covered Persons. The Company is not aware of any person (other than any Issuer Covered Person or the Placement Agent) that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of any Regulation D Securities.

(ee) Notice of Disqualification Events. The Company will notify the Investors in writing, prior to the Closing Date of: (i) any Disqualification Event relating to any Issuer Covered Person; and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Issuer Covered Person.

(ff) Foreign Corrupt Practices. Neither the Company nor, to the knowledge of the Company, no agent or other person acting on behalf of the Company, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity; (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds; (iii) failed to disclose fully any contribution made by the Company (or made by any person acting on its behalf of which the Company is aware) which is in violation of law; or (iv) violated in any material respect any provision of the Foreign Corrupt Practices Act.

(gg) Office of Foreign Assets Control. Neither the Company nor, to the Company's knowledge, any director, officer, agent, employee or Affiliate of the Company, is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(hh) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon an Investor's request.

(ii) Bank Holding Company Act. Neither the Company nor any of its Affiliates is subject to the Bank Holding Company Act of 1956, as amended ("BHCA") and to regulation by the Board of Governors of the Federal Reserve System ("Federal Reserve"). Neither the Company nor any of its Affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent (25%) or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(jj) Money Laundering. The operations of the Company are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(kk) Representations. The representations and warranties of the Company contained in this Agreement, and the certificate(s) furnished or to be furnished to the Investors at the Closing, when taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made. The Company acknowledges and agrees that the representations contained in section 3.02 shall not modify, amend or affect such Investor's right to rely on the Company's representations and warranties contained in this section 3.01 or elsewhere in this Agreement or any representations and warranties contained in any other Transaction Document, or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transactions contemplated hereby.

Section 3.02 Representations and Warranties of the Investors.

Each Investor, for itself and for no other Investor, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Authority; Organization. Such Investor has full power and authority (and, if such Investor is an individual, the capacity) to enter into this Agreement and to perform all obligations required to be performed by it hereunder. If an entity, Such Investor is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Investor of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate or similar action on the part of such Investor. Each Transaction Document to which it is a party has been duly executed by such Investor, and when delivered by such Investor in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Investor, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account. Such Investor understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable State Securities Law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable State Securities Law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable State Securities Law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting such Investor's right to sell the Securities in compliance with applicable federal and State Securities Laws) in violation of the Securities Act or any applicable State Securities Law. Such Investor is acquiring the Securities hereunder in the ordinary course of its business.

(c) Non-Transferrable. Such Investor agrees: (i) that the Investor will not sell, assign, pledge, give, transfer or otherwise dispose of the Securities or any interest therein, or make any offer or attempt to do any of the foregoing, except pursuant to a registration of the Securities under the Securities Act and all applicable State Securities Laws, or in a transaction which is exempt from the registration provisions of the Securities Act and all applicable State Securities Laws, (ii) that the certificates representing the Securities will bear a legend making reference to the foregoing restrictions, and (iii) that the Company and its Affiliates shall not be required to give effect to any purported transfer of such Securities except upon compliance with the foregoing restrictions.

(d) Investor Status. Such Investor is an "accredited investor" as defined in Rule 501(a) under Regulation D of the Securities Act. The undersigned agrees to furnish any additional information requested by the Company or any of its Affiliates to assure compliance with applicable U.S. federal and state securities laws in connection with the purchase and sale of the Securities. The undersigned has completed the Confidential Investor Questionnaire contained in **Appendix A** and the information contained therein is complete and accurate as of the date thereof and is hereby affirmed as of the Closing Date. Any information that has been furnished or that will be furnished by the undersigned to evidence its status as an accredited investor is accurate and complete, and does not contain any misrepresentation or material omission.

(e) Experience of Such Investor. Such Investor, either alone or together with its representatives, has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Investor is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(f) No Trading Market. Such Investor acknowledges that there is currently no Trading Market for the Securities and Underlying Securities and that none is expected to develop for the Securities and the Underlying Securities unless a Liquidity Event occurs.

(g) General Solicitation. Such Investor undersigned acknowledges that neither the Company nor any other person offered to sell the Securities to it by means of any form of general solicitation or advertising, including, but not limited to: (i) any advertisement, article, notice, or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or (ii) any seminar or meeting whose attendees were invited by any general solicitation or general advertising.

(h) Confidentiality. Other than to other Persons party to this Agreement and its advisors who have agreed to keep information confidential or have a fiduciary obligation to keep such information confidential, such Investor has maintained the confidentiality of all disclosures made to it in connection with the transaction (including the existence and terms of this transaction).

(i) Foreign Investor. If such Investor is not a United States person, such Investor represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Securities or any use of this Agreement, including: (i) the legal requirements within its jurisdiction for the purchase of the Securities, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Securities. The Investor further represents that its payment for, and its continued beneficial ownership of the Securities, will not violate any applicable securities or other laws of its jurisdiction.

(j) Information from Company. Such Investor and its investment managers, if any, have been afforded the opportunity to obtain any information necessary to verify the accuracy of any representations or information presented by the Company in this Agreement and have had all inquiries to the Company answered, and have been furnished all requested materials, relating to the Company and the Offering and sale of the Securities and anything set forth in the Transaction Documents. Neither the Investor nor the Investor's investment managers, if any, have been furnished any offering literature by the Company or any of its Affiliates, associates, or agents other than the Transaction Documents, and the agreements referenced therein.

(k) Matters Concerning the Placement Agent. Such Investor acknowledges that the Placement Agent is acting as the exclusive Placement Agent for the Offering and that the Placement Agent will receive a cash commission in the amount of ten percent (10%) of the proceeds raised in the Offering and will receive the Placement Agent Warrant. The Placement Agent Warrant will: (i) be non-exercisable or transferrable for six (6) months after the Closing Date (other than as permitted by FINRA Rule 5110), (ii) expire five (5) years after the Closing Date, (iii) be exercisable at an exercise price of one hundred twenty percent (120%) of the Liquidity Event Price (as defined in the Notes), and (iv) will contain customary anti-dilution provisions and protections (adjustments in the number and price of such warrants and the shares underlying such warrants resulting from certain corporate events (such as stock dividends, stock splits, recapitalizations, reorganizations and mergers). The Placement Agent has received one-time demand registration rights and unlimited piggyback registration rights relating to the securities underlying the Placement Agent Warrant. The Placement Agent is acting as placement agent for the Company, and, in that capacity, is not acting as investment advisor to the Investors in connection with the Securities being offered in this Offering. Each Investor must make his own investment decisions. In making those decisions, the Investors should be aware that the Placement Agent will receive a placement fee and other compensation as described above.

(l) Speculative Nature of Investment; Risk Factors. **SUCH INVESTOR UNDERSTANDS THAT AN INVESTMENT IN THE SECURITIES INVOLVES A HIGH DEGREE OF RISK.** Such Investor acknowledges that: (i) any projections, forecasts or estimates as may have been provided to the Investor are purely speculative and cannot be relied upon to indicate actual results that may be obtained through this investment; any such projections, forecasts and estimates are based upon assumptions which are subject to change and which are beyond the control of the Company or its management, (ii) the tax effects which may be expected by this investment are not susceptible to absolute prediction, and new developments and rules of the Internal Revenue Service, audit adjustment, court decisions or legislative changes may have an adverse effect on one or more of the tax consequences of this investment, and (iii) the Investor has been advised to consult with his own advisor regarding legal matters and tax consequences involving this investment. The Investor represents that the Investor's investment objective is speculative in that the Investor seeks the maximum total return through an investment in a broad spectrum of securities, which involves a higher degree of risk than other investment styles and therefore the Investor's risk exposure is also speculative. The Securities offered hereby are highly speculative and involve a high degree of risk and Investor should only purchase these securities if Investor can afford to lose their entire investment.

(m) Matters Concerning the Placement Agent. Such Investor acknowledges that the Placement Agent is acting as the exclusive Placement Agent for the Offering and that the Placement Agent will receive a Cash Fee and Placement Agent Warrant. The Placement Agent is acting as placement agent for the Company, and, in that capacity, is not acting as investment advisor to the Investors in connection with the Securities or Underlying Securities; and (C) the Investor must make his own investment decisions. In making those decisions, the Investor should be aware that the Placement Agent will receive a placement fee and other compensation as described above.

(n) Money Laundering. If an entity, the operations of such Investor are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "**Money Laundering Laws**"), and no Action or Proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

The Company acknowledges and agrees that the representations contained in Section 3.02 shall not modify, amend or affect such Investor's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

ARTICLE IV
OTHER AGREEMENTS OF THE PARTIES

Section 4.01 Transfer Restrictions.

(a) The Securities and Underlying Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities or Underlying Securities other than pursuant to an effective registration statement or Rule 144, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities or Underlying Securities under the Securities Act. The Securities may not be sold or transferred by the Investors without the written consent of the Company, which shall not be unreasonably withheld. As a condition of such sale or transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of an Investor under this Agreement.

(b) The Investors agree to the imprinting, so long as is required by this Section 4.01, of a legend on any of the Securities and Underlying Securities in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES INTO WHICH THIS SECURITY IS [CONVERTIBLE/EXERCISABLE] HAS [NOT] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY.

(c) Upon the Investor's request in connection with a proposed sale of Underlying Securities pursuant to Rule 144 and if the Company reasonably determines it is so required, upon receipt of customary documentation from Investor's broker (if the Underlying Securities are sold in brokers transactions), the Company shall, at its own cost and effort, retain legal counsel to provide an opinion letter to the Company's transfer agent opining that the Underlying Securities may be resold without registration under the Securities Act, pursuant to Rule 144, promulgated thereunder, so long as the requirements of Rule 144 are met for any Underlying Securities to be resold thereunder. The Company shall arrange for any such opinion letter to be provided not later than two (2) Business Days after the date of delivery to and receipt by the Company of a written request by any Investor together with (if required in order to render the opinion) any broker's representation letter of other customary documentation reasonably requested by the Company evidencing compliance with Rule 144 (the "**Legend Removal Date**"), and such opinion letter may be a "blanket" opinion letter covering Underlying Securities held by more than one Investor (if applicable to more than one Investor).

(d) Each Investor, severally and not jointly with the other Investors, agrees that such Investor will sell any Securities and Underlying Securities only pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities or Underlying Securities are sold pursuant to a registration statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.01 is predicated upon the Company's reliance upon this understanding.

Section 4.02 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Underlying Securities may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Underlying Securities pursuant to the Securities, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Investor and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

Section 4.03 Registration Rights. The Company shall cause the Registration Rights Agreement to remain in full force and effect and the Company shall comply in all material respects with the terms thereof, a copy of which is annexed hereto as **Appendix E**.

Section 4.04 Integration. The Company shall not sell, offer for sale, or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities to the Investors in a manner that would require the registration under the Securities Act of the sale of the Securities to the Investors.

Section 4.05 Publicity. The Company and each Investor shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Investor shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company with respect to any press release of any Investor, or without the prior consent of each Investor with respect to any press release of the Company mentioning such Investor, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication.

Section 4.06 Indemnification of Investors. The Company shall indemnify, reimburse and hold harmless the Investors and their respective partners, members, shareholders, officers, directors, employees and agents (and any other persons with other titles that have similar functions) (collectively, "**Indemnitees**") from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature, (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from: (i) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents and (ii) any action instituted against such Indemnitee in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Indemnitee, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Indemnitee's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Indemnitee may have with any such stockholder or any violations by such Indemnitee of state or federal securities laws or any conduct by such Indemnitee which results from the gross negligence or willful misconduct of the Indemnitee as determined by a final, nonappealable decision of a court of competent jurisdiction).

Section 4.07 Reservation of Underlying Securities.

(a) The Company shall maintain a reserve from its duly authorized shares of Common Stock for issuance pursuant to the Securities in such amount, as the Required Minimum, as may then be required to fulfill its obligations in full under the Securities.

(b) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than the Required Minimum on such date, then the Board of Directors shall use commercially reasonable efforts to amend the Company's certificate or articles of incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time, as soon as possible and in any event not later than the 60th day after such date.

Section 4.08 Actions Taken in Connection with the Liquidity Event. Notwithstanding anything contained herein to the contrary, in the event that the Company is required to complete any corporate action, including, without limitation, any action required by any state or federal securities governing entity or other agency, which in its good faith and commercially reasonable discretion, is necessary to consummate a Liquidity Event, it shall be permitted to undertake and complete such action in order to consummate such Liquidity Event but without prejudice to the rights and remedies of the Investors under the Transaction Documents.

Section 4.09 Use of Proceeds. The Company shall use the net proceeds from the sale of the Securities hereunder to: (a) cover the expenses related to the Offering, (b) to pay-down up to $2,470,000 principal amount (excluding original issue discount and interest) of Existing Convertible Notes held by Leonite Fund I, LP, Bigger Capital Fund, LP and/or District 2 Capital Fund, LP, (c) to pay-down up to the outstanding principal amount (excluding original issue discount and interest) of Existing Convertible Notes held by Emmis Capital II, LLC or Exchange Listing, LLC; and (d) for general working capital purposes and shall not use such proceeds: (i) for the satisfaction of any portion of the Company's debt (other than payment of (x) trade payables in the ordinary course of the Company's business and prior practices and Existing Convertible Notes as aforesaid); (ii) for the redemption of any Common Stock or Common Stock Equivalents; (iii) for the settlement of any outstanding litigation; (iv) in violation of FCPA or OFAC regulations; or (v) to lend, give credit or make advances to any officers, directors, employees or Affiliates of the Company.

Section 4.10 Subsidiaries. The Company shall cause each of its Subsidiaries formed or acquired subsequent to the date hereof to execute and deliver, for the benefit of Investors, an assumption agreement with respect to the Security Agreement promptly after such formation or acquisition (as applicable).

ARTICLE V
MISCELLANEOUS

Section 5.01 Termination. This Agreement may be terminated by any Investor, as to such Investor's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Investors, by written notice to the other parties, if the Closing has not been consummated on or before the Termination Date; provided, however, that such termination will not affect the right of any party to sue for any breach by the other party (or parties).

Section 5.02 Fees and Expenses. The Company shall reimburse the Placement Agent and each other Investor for any and all expenses incurred by them in connection with the negotiation, preparation, execution, delivery and performance of the Transaction Documents, including, without limitation, reasonable attorneys' and consultants' fees and expenses, transfer agent fees, fees for stock quotation services, fees relating to any amendments or modifications of the Transaction Documents or any consents or waivers of provisions in the Transaction Documents, fees for the preparation of opinions of counsel, escrow fees, and costs of restructuring the transactions contemplated by the Documents. When possible, the Company must pay these fees directly, including, but not limited to, any and all wire fees, otherwise the Company must make immediate payment for reimbursement to an Investor for all fees and expenses immediately upon written notice by an Investor or the submission of an invoice by an Investor. At Closing, the Company's initial obligation with respect to this transaction is to reimburse the Placement Agent's legal expenses, which shall not exceed $_____.

Section 5.03 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

Section 5.04 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by or email:

if to Investor:
To the address set forth on such Investor's signature page hereto;

and

if to the Company:
Neuraxis, Inc.
829 S Adams St.
Versailles, IN 47042
Attention: Brian Carrico, CEO
Email: bcarrico@neuraxis.com

With a copy (for informational purposes only) to:
Lucosky Brookman LLP
101 Wood Avenue South, 5th Floor
Woodbridge, NJ 08830
Telephone: (732) 395-4400
Attention: Joseph M. Lucosky, Esq.
E-Mail: jlucosky@lucbro.com

or to such other persons or addresses as may be designated in writing by the party to receive such notice as provided above.

Section 5.05 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented, or amended except in a written instrument signed, in the case of an amendment, by the Company and the Investors holding at least a majority in principal amount of the Notes then outstanding and the Lead Investor or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

Section 5.06 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Investor (other than by merger). Any Investor may assign any or all of its rights under this Agreement to any Person to whom such Investor assigns or transfers any Securities, provided that such transfer complies with all applicable federal and State Securities Laws and that such transferee agrees in writing with the Company to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Investors."

Section 5.07 No Third-Party Beneficiaries. Except for the Placement Agent, who is an intended third-party beneficiary of this Agreement, including the representations and warranties made by the Company hereunder, this Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

Section 5.08 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of Arizona, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the federal and state courts sitting in the County of New York, New York (the "**New York Courts**"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to the Transaction Documents or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

Section 5.09 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

Section 5.10 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page was an original thereof.

Section 5.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

Section 5.12 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Investor exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Investor may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of a conversion of a Note, the Investor shall be required to return any shares of Common Stock subject to any such rescinded conversion or exercise notice.

Section 5.13 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

Section 5.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Investors and the Company will be entitled to seek specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

Section 5.15 Payment Set Aside. To the extent that the Company makes a payment or payments to any Investor pursuant to any Transaction Document or an Investor enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

Section 5.16 Independent Nature of Investors' Obligations and Rights. The obligations of each Investor under any Transaction Document are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance or non-performance of the obligations of any other Investor under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant thereto, shall be deemed to constitute the Investors as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. Each Investor has been represented by its own separate legal counsel in their review and negotiation of the Transaction Documents. The Company has elected to provide all Investors with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by the Investors.

Section 5.17 Construction. The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

Section 5.18 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 5.19 WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

[**SIGNATURE PAGES FOLLOW**]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date below.

NEURAXIS, INC.

By: _____
Name:Brian Carrico
Title: Chief Executive Officer

INVESTORS:

The Investors executing the Signature Page in the form **attached** hereto as **Annex A** and delivering the same to the Company or its agents shall be deemed to have executed this Agreement and agreed to the terms hereof.

Annex A

Securities Purchase Agreement Investor Counterpart Signature Page

The undersigned, desiring to: (i) enter into this Securities Purchase Agreement dated as of February ___, 2023 (the "**Agreement**"), with the undersigned, Neuraxis, Inc., a Delaware corporation (the "**Company**"), in or substantially in the form furnished to the undersigned and (ii) purchase the Securities as set forth below, hereby agrees to purchase such Securities from the Company as of the Closing and further agrees to join the Agreement as a party thereto, with all the rights and privileges appertaining thereto, and to be bound in all respects by the terms and conditions thereof. The undersigned specifically acknowledges having read the representations in this Agreement's section entitled "Representations Warranties of the Investors", and hereby represents that the statements contained therein are complete and accurate with respect to the undersigned as an Investor.

INVESTOR (*if an individual*):

By: _____
Name:
Date:

INVESTOR (*if investing jointly*)

By: _____
Name:
Date:

INVESTOR (*if an entity*):

_____
(Legal Name of Entity)

By: _____
Name:
Title:
Date:

State/Country of Domicile or Formation: _____
Aggregate Subscription Amount: $ _____
SS#/EIN/ITIN: _____
Address: _____

APPENDIX A

[**CONFIDENTIAL INVESTOR QUESTIONNAIRE**]

APPENDIX B

[**FORM OF SENIOR SECURED CONVERTIBLE NOTE**]

APPENDIX C

[**FORM OF WARRANT**]

APPENDIX D

[**FORM OF SECURITY AGREEMENT**]

APPENDIX E

[**FORM OF REGISTRATION RIGHTS AGREEMENT**]

APPENDIX B

FORM OF SENIOR SECURED CONVERTIBLE NOTE]

NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Original Issue Date: February __, 2023	Subscription Amount:	$	[_____]
Date of this Note: February __, 2023	Original Issue Discount:	$	[_____][1]
Final Maturity Date: November __, 2023	Original Principal Amount:	$	[_____][2]

NEURAXIS, INC.

SENIOR SECURED CONVERTIBLE NOTE

THIS SENIOR SECURED CONVERTIBLE NOTE is one of a series of duly authorized and validly issued Notes of Neuraxis, Inc., a Delaware corporation (the "**Company**"), designated as its Senior Secured Convertible Note reflecting a 10% original issue discount (this note, this "**Note**" and, collectively with the other notes of such series, the "**Notes**"). This Note carries such original issue discount as indicated hereinabove.

FOR VALUE RECEIVED, the Company promises to pay to [_____], or its registered assigns ("**Holder**"), or shall have paid pursuant to the terms hereunder, the principal sum of $_____[2] (the "**Original Principal Amount**") on the earlier to occur of (x) the date of the first Liquidity Event to occur after the Original Issue Date and (y) the date specified above (the "**Final Maturity Date**") that is nine (9) months after the Original Issue Date (as the case may be, the "**Maturity Date**") or such earlier date as this Note is required or permitted to be repaid as provided hereunder, and to pay interest to the Holder on the aggregate unconverted and then outstanding Original Principal Amount of this Note in accordance with the provisions hereof. This Note is subject to the following additional provisions:

Section 1. Definitions. For the purposes hereof, in addition to the terms defined elsewhere in this Note: (a) capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement, and (b) the following terms shall have the following meanings:

"Alternate Consideration" shall have the meaning set forth in Section 5(j).

[1] [Subscription Amount *divided by* 90%] *less* Subscription Amount

[2] Subscription Amount *divided by* 90%

"Bankruptcy Event" means any of the following events: (a) the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) thereof commences a case or other proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction relating to the Company or any Significant Subsidiary thereof, (b) there is commenced against the Company or any Significant Subsidiary thereof any such case or proceeding that is not dismissed within 60 days after commencement, (c) the Company or any Significant Subsidiary thereof is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or proceeding is entered, (d) the Company or any Significant Subsidiary thereof suffers any appointment of any custodian or the like for it or any substantial part of its property that is not discharged or stayed within 60 calendar days after such appointment, (e) the Company or any Significant Subsidiary thereof makes a general assignment for the benefit of creditors, (f) the Company or any Significant Subsidiary thereof calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts, (g) the Company or any Significant Subsidiary thereof admits in writing that it is generally unable to pay its debts as they become due, (h) the Company or any Significant Subsidiary thereof, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action for the purpose of effecting any of the foregoing.

"Beneficial Ownership Limitation" shall have the meaning set forth in Section 4(c).

"Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed; provided, however, for clarification, commercial banks shall not be deemed to be authorized or required by law to remain closed due to "stay at home", "shelter-in-place", "non-essential employee" or any other similar orders or restrictions or the closure of any physical branch locations at the direction of any governmental authority so long as the electronic funds transfer systems (including for wire transfers) of commercial banks in The City of New York are generally are open for use by customers on such day.

"Change of Control Transaction" means the occurrence after the date hereof of any of: (a) an acquisition after the date hereof by an individual or legal entity or "group" (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of 50% of the voting securities of the Company (other than by means of conversion of the Notes), (b) the Company merges into or consolidates with any other Person, or any Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the Company or the successor entity of such transaction, (c) the Company sells or transfers all or substantially all of its assets to another Person and the stockholders of the Company immediately prior to such transaction own less than 50% of the aggregate voting power of the acquiring entity immediately after the transaction, (d) a replacement at one time or within a three year period of more than one-half of the members of the Board of Directors which is not approved by a majority of those individuals who are members of the Board of Directors on the Original Issue Date (or by those individuals who are serving as members of the Board of Directors on any date whose nomination to the Board of Directors was approved by a majority of the members of the Board of Directors who are members on the date hereof), or (e) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

"Conversion" means a conversion of this Note pursuant to Section 4.

"Conversion Amount" means the Principal Amount or Mandatory Default Amount of this Note optionally or mandatorily converted in accordance with Section 4.

"Conversion Date" means the date of any Conversion in accordance with the terms of this Note.

"Conversion Price" means the product of (x) the Liquidity Event Price and (y) the Discount.

"Conversion Shares" With respect to any Conversion of this Note (in whole or in part), a number of shares of Common Stock equal to the quotient (rounded down to the nearest whole share) obtained by dividing (x) the Conversion Amount of such Conversion by (y) the Conversion Price then in effect.

"Discount" means 0.70 (representing a discount of thirty percent (30%)).

"Event of Default" shall have the meaning set forth in Section 7(a).

"Fundamental Transaction" shall have the meaning set forth in Section 5(j).

"Indebtedness" means any liabilities of the Company for borrowed money or amounts owed and all guaranties made by the Company of borrowed money or amounts owed by others.

"Interest Payment Date" means the first (1^{st}) day of each calendar month following the Original Issue Date until payment in full of this Note.

"Liquidity Event" means a public offering of Common Stock (or units consisting of Common Stock and warrants to purchase Common Stock) resulting in the listing for trading or quoting of the Common Stock on a Trading Market.

"Liquidity Event Price" shall mean the Offering Price; *provided* that if per share the Liquidity Event includes the issuance of units of Common Stock and/or Common Stock Equivalents, then "Liquidity Event Price" shall mean the unit price divided by the number of shares of Common Stock contained in a unit.

"Mandatory Default Amount" means the sum of: (1) the product of (x) the outstanding balance of the Original Principal Amount of this Note and (y) 120%, *plus* (2) all accrued and unpaid interest under this Note, if any, *plus* (3) all other amounts, costs, expenses, and liquidated damages due under or in respect of this Note, if any.

"New York Courts" shall have the meaning set forth in Section 8(d).

"Note Register" shall have the meaning set forth in Section 2(a).

"Original Issue Date" means the date of the first issuance of the Notes, regardless of any transfers of any Note and regardless of the number of instruments which may be issued to evidence such Notes.

"Prepayment Amount" means the sum of: (1) the product of (x) the outstanding balance of the Original Principal Amount of this Note and (y) 115%, *plus* (2) all accrued and unpaid interest under this Note, if any, *plus* (3) all other amounts, costs, expenses, and liquidated damages due under or in respect of this Note, if any.

"Permitted Indebtedness" means: (a) the Indebtedness evidenced by the Notes, and (b) additional Indebtedness of up to an aggregate of $100,000, inclusive of any interest, fees, penalties or other amounts due or payable thereunder, *provided* that such Indebtedness (x) is fully subordinated to the Indebtedness evidenced by the Notes and (y) if secured, is secured by Liens are fully subordinated to the Liens granted under the Security Agreement.

"Principal Amount" means the sum of: (1) the outstanding balance of the Original Principal Amount of this Note, *plus* (2) all accrued and unpaid interest under this Note, if any, *plus* (3) all other amounts, costs, expenses, and liquidated damages due under or in respect of this Note, if any.

"Pro Rata Share" of this Note means, at any time, the percentage obtained by *dividing* (i) the Original Principal Amount of this Note *by* (ii) the "Original Principal Amounts" of all Notes then outstanding (including this Note).

"Purchase Agreement" means the Securities Purchase Agreement, dated as of February ___, 2023 by and among the Company and the original Holders, as amended, modified, or supplemented from time to time in accordance with its terms.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Delivery Date" shall have the meaning set forth in Section 4(b)(ii).

"Successor Entity" shall have the meaning set forth in Section 5(j).

"Trading Day" means any day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed for trading or quoted on the date in question: the NYSE, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, or the Nasdaq Global Select Market (or any successors to any of the foregoing).

Section 2. Interest; Payment and Prepayment.

(a) Interest Calculations. Interest shall accrue on the Original Principal Amount of this Note from and after the Original Issue Date, and such interest shall be payable in cash on each Interest Payment Date at an annual rate of twelve percent (12%); provided, that from and after the occurrence of an Event of Default) such interest shall accrue on the Mandatory Default Amount at an annual rate of twenty percent (20%). Such interest shall be calculated on the basis of a 360-day year, consisting of twelve 30 calendar day periods, and shall accrue daily commencing on the Original Issue Date until payment in full of this Note.

(b) Payment and Prepayment. On the Maturity Date, the entire Principal Amount (or, if an Event of Default shall have previously occurred, the entire Mandatory Default Amount) shall become due and payable. The Company may prepay this Note in full at any time after the Original Issue Date and prior to the Maturity Date in an amount equal to the Prepayment Amount (or, if an Event of Default shall have previously occurred, the Mandatory Default Amount).

Section 3. Registration of Transfers and Exchanges.

(a) Different Denominations. This Note is exchangeable for an equal aggregate Original Principal Amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange.

(b) Investment Representations. This Note has been issued subject to certain investment representations of the original Holder set forth in the Purchase Agreement and may be transferred or exchanged only in compliance with the Purchase Agreement and applicable federal and state securities laws and regulations.

(c) Reliance on Note Register. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

Section 4. Conversion.

(a) Conversion. On any date after the Original Issue Date, the Holder shall have the right, at the Holder's option, to convert the Principal Amount (or, from and after the date of the occurrence of an Event Default, the Mandatory Default Amount) of this Note, in whole or in part into Conversion Shares by following the mechanics of conversion set forth in Section 4(b). In addition, effective automatically on the effective date of the first of the Liquidity Event to occur after the Original Issue Date, the entire Principal Amount (or, from and after the date of the occurrence of an Event Default, the entire Mandatory Default Amount) of this Note shall mandatorily convert into Conversion Shares in accordance with this Section 4.

(b) Mechanics of Conversion.

(i) Conversion Notice. At least seven (7) calendar days prior to the consummation of a Liquidity Event the Company will provide the Holder with written notice, which includes notice via email, of the Liquidity Event (the "**Liquidity Event Notice**"). If the Holder wishes to effect a Conversion of this Note at its option in accordance with the first sentence of Section 4(a), in whole or in part, shall deliver to the Company: (A) written notice of its election to convert this Note pursuant to this Section 4, including the Conversion Amount, and (B) in the case of a Conversion of the entire Conversion Amount of this Note, the original Note instrument (or a notice to the effect that such original Note has been lost, stolen or destroyed).

(ii) Delivery of Conversion Shares Upon Conversion. Not later than three (3) Trading Days after the Conversion Date (the "**Share Delivery Date**"), the Company shall deliver, or cause to be delivered, to the Holder the Conversion Shares.

(iii) Failure to Deliver Conversion Shares. If, in the case of any Conversion, the Conversion Shares are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such Conversion Shares to rescind the Conversion, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to the Company the Conversion Shares (if any) issued to such Holder pursuant to the rescinded Conversion Notice.

(iv) Obligation Absolute; Partial Liquidated Damages. The Company's obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any set off, counter claim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person (unless the Conversion would violate any law applicable to the Company), and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; *provided, however,* that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. In the event the Holder of this Note shall elect to convert any or all of the Conversion Amount hereof, the Company may not refuse conversion based on any claim that the Holder or anyone associated or affiliated with the Holder has been engaged in any violation of law, agreement or for any other reason, unless an injunction from a court, on notice to Holder, restraining and or enjoining conversion of all or part of this Note shall have been sought and obtained, and the Company posts a surety bond for the benefit of the Holder in the amount of 150% of the Payment Amount of this Note, which is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to the Holder to the extent it obtains judgment. In the absence of such injunction, the Company shall issue Conversion Shares or, if applicable, cash, upon a properly noticed conversion. If the Company fails for any reason to deliver to the Holder such Conversion Shares pursuant to Section 4(b)(ii) by the Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Conversion Amount being converted, $10 per Trading Day (increasing to $20 per Trading Day on the fifth (5th) Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Share Delivery Date until such Conversion Shares are delivered or Holder rescinds such conversion. Nothing herein shall prohibit the Holder from seeking to enforce damages pursuant to any other section hereof or under applicable law.

(v) Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock for the sole purpose of issuance upon Conversion, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Notes). The Company covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable and, if a registration statement covering the resale of the Conversion Shares is then effective under the Securities Act, shall be registered for public resale in accordance with such registration statement.

(vi) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of this Note. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such conversion, the Company shall at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Conversion Price or round up to the next whole share.

(vii) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The Company shall pay all Transfer Agent fees required for same-day processing of any conversion and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Conversion Shares. The Company shall pay all attorney fees required for the issuance of attorney legal opinions for removal of restrictive legends on Conversion Shares.

(c) Holder's Conversion Limitations. The Company shall not affect any conversion of this Note, and a Holder shall not have the right to convert any portion of this Note, to the extent that after giving effect to the conversion, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "**Attribution Parties**")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon: (i) conversion of the remaining, unconverted Conversion Amount of this Note beneficially owned by the Holder or any of its Affiliates or Attribution Parties, and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any other Notes or the Warrants) beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 4(c), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 4(c) applies, the determination of whether this Note is convertible (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which Conversion Amount of this Note is convertible shall be in the sole discretion of the Holder. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(c), in determining the number of outstanding shares of Common Stock, the Holder may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company, or (C) a more recent written notice by the Company or the Company's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note held by the Holder. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 4(c), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon conversion of this Note held by the Holder and the Beneficial Ownership Limitation provisions of this Section 4(c) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

Section 5. Certain Adjustments.

(a) Stock Dividends and Stock Splits. If the Company, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon conversion of, or payment of interest on, the Notes), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section 5 shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re classification.

(b) Subsequent Equity Sales. Other than with respect to a Liquidity Event, if at any time while this Note is outstanding, the Company issues or sells, announces any offer, sale, or other disposition of, or in accordance with this Section 5 is deemed to have issued, sold or granted (or makes an announcement regarding the same), any shares of Common Stock and/or Common Stock Equivalents (including the issuance or sale of shares of Common Stock owned or held by or for the account of the Company, but excluding any securities issued or sold or deemed to have been issued or sold solely in connection with an Exempt Issuance) for a consideration per share (the "New Issuance Price") less than a price equal to the Conversion Price in effect immediately prior to such issuance or sale or deemed issuance or sale (such Conversion Price then in effect is referred to herein as the "Applicable Price") (the foregoing a "Dilutive Issuance"), then immediately after such Dilutive Issuance, the Conversion Price then in effect shall be reduced to an amount equal to the New Issuance Price; provided, however, that the foregoing adjustment shall only be in effect one time only. For all purposes of the foregoing (including, without limitation, determining the adjusted Conversion Price and the New Issuance Price under this Section 5(b)), the following shall be applicable:

(c) Issuance of Options. If the Company in any manner grants, issues or sells (or enters into any agreement to grant, issue or sell) any Options (as defined below) and the lowest price per share for which one Common Stock is at any time issuable upon the exercise of any such Option or upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of any such Option or otherwise pursuant to the terms thereof is less than the Applicable Price, then such Common Stock shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the granting or sale of such Option for such price per share. For purposes of this Section 5(c), the "lowest price per share for which one Common Stock is at any time issuable upon the exercise of any such Options or upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of any such Option or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to any one share of Common Stock upon the granting, issuance or sale of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of such Option or otherwise pursuant to the terms thereof and (y) the lowest exercise price set forth in such Option for which one Common Stock is issuable (or may become issuable assuming all possible market conditions) upon the exercise of any such Options or upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of any such Option or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Option (or any other Person) upon the granting, issuance or sale of such Option, upon exercise of such Option and upon conversion, exercise or exchange of any Common Stock Equivalents issuable upon exercise of such Option or otherwise pursuant to the terms thereof plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Option (or any other Person). Except as contemplated below, no further adjustment of the Conversion Price shall be made upon the actual issuance of such shares of Common Stock or of such Common Stock Equivalents upon the exercise of such Options or otherwise pursuant to the terms of or upon the actual issuance of such shares of Common Stock upon conversion, exercise or exchange of such Common Stock Equivalents. "Option" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities other than Exempt Issuances. "Convertible Securities" means any shares or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(d) Issuance of Convertible Securities. If the Company in any manner issues or sells (or enters into any agreement to issue or sell) any Common Stock Equivalents and the lowest price per share for which one share of Common Stock is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof is less than the Applicable Price, then such shares of Common Stock shall be deemed to be outstanding and to have been issued and sold by the Company at the time of the issuance or sale of such Common Stock Equivalents for such price per share. For the purposes of this Section 5(d), the "lowest price per share for which one Common Stock is at any time issuable upon the conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof" shall be equal to (1) the lower of (x) the sum of the lowest amounts of consideration (if any) received or receivable by the Company with respect to one Common Stock upon the issuance or sale of the Common Stock Equivalents and upon conversion, exercise or exchange of such Common Stock Equivalents or otherwise pursuant to the terms thereof and (y) the lowest conversion price set forth in such Common Stock Equivalents for which one share of Common Stock is issuable (or may become issuable assuming all possible market conditions) upon conversion, exercise or exchange thereof or otherwise pursuant to the terms thereof minus (2) the sum of all amounts paid or payable to the holder of such Common Stock Equivalents (or any other Person) upon the issuance or sale of such Common Stock Equivalents plus the value of any other consideration received or receivable by, or benefit conferred on, the holder of such Common Stock Equivalents (or any other Person). Except as contemplated below, no further adjustment of the Conversion Price shall be made upon the actual issuance of such shares of Common Stock upon conversion, exercise or exchange of such Common Stock Equivalents or otherwise pursuant to the terms thereof, and if any such issuance or sale of such Common Stock Equivalents is made upon exercise of any Options for which adjustment of this Note has been or is to be made pursuant to other provisions of this Section 5(d), except as contemplated below, no further adjustment of the Conversion Price shall be made by reason of such issuance or sale.

(e) Change in Option Price or Rate of Conversion. If the purchase or exercise price provided for in any Options, the additional consideration, if any, payable upon the issue, conversion, exercise or exchange of any Common Stock Equivalents, or the rate at which any Common Stock Equivalents are convertible into or exercisable or exchangeable for shares of Common Stock increases or decreases at any time (other than proportional changes in conversion or exercise prices, as applicable, in connection with an event referred to in Section 5(a)), the Conversion Price in effect at the time of such increase or decrease shall be adjusted to the Conversion Price which would have been in effect at such time had such Options or Common Stock Equivalents provided for such increased or decreased purchase price, additional consideration or increased or decreased conversion rate, as the case may be, at the time initially granted, issued or sold. For purposes of this Section 5(e), if the terms of any Option or Common Stock Equivalents that was outstanding as of the date this Note was issued are increased or decreased in the manner described in the immediately preceding sentence, then such Option or Common Stock Equivalents and the shares of Common Stock deemed issuable upon exercise, conversion or exchange thereof shall be deemed to have been issued as of the date of such increase or decrease. No adjustment pursuant to this Section 5(e) shall be made if such adjustment would result in an increase of the Conversion Price then in effect.

(f) Change in Option Price or Rate of Conversion. If any Option and/or Common Stock Equivalents and/or Adjustment Right (as defined below) is issued in connection with the issuance or sale or deemed issuance or sale of any other securities of the Company (as determined by the Holder, the "Primary Security", and such Option and/or Common Stock Equivalents and/or Adjustment Right (as defined below), the "Secondary Securities"), together comprising one integrated transaction, (or one or more transactions if such issuances or sales or deemed issuances or sales of securities of the Company either (A) have at least one investor or purchaser in common, (B) are consummated in reasonable proximity to each other and/or (C) are consummated under the same plan of financing) the aggregate consideration per share of Common Stock with respect to such Primary Security shall be deemed to be equal to the difference of (x) the lowest price per share for which one Common Stock was issued (or was deemed to be issued pursuant to Section 5(a)(i) or 5(a)(ii) above, as applicable) in such integrated transaction solely with respect to such Primary Security, minus (y) with respect to such Secondary Securities, the sum of the fair market value (as determined by the Holder in good faith) and the fair market value (as determined by the Holder) of such Common Stock Equivalents, if any, in each case, as determined on a per share basis in accordance with this Section 5(f). If any shares of Common Stock, Options or Common Stock Equivalents are issued or sold or deemed to have been issued or sold for cash, the consideration received therefor will be deemed to be the net amount of consideration received by the Company therefor. If any shares of Common Stock, Options or Common Stock Equivalents are issued or sold for a consideration other than cash, the amount of such consideration received by the Company will be the fair value of such consideration, except where such consideration consists of publicly traded securities, in which case the amount of consideration received by the Company for such securities will be the arithmetic average of the "VWAPs" of such security for each of the five (5) Trading Days immediately preceding the date of receipt. If any shares of Common Stock, Options or Common Stock Equivalents are issued to the owners of the non-surviving entity in connection with any merger in which the Company is the surviving entity, the amount of consideration therefor will be deemed to be the fair value of such portion of the net assets and business of the non-surviving entity as is attributable to such shares of Common Stock, Options or Common Stock Equivalents (as the case may be). The fair value of any consideration other than cash or publicly traded securities will be determined jointly by the Company and the Holder. If such parties are unable to reach agreement within ten (10) days after the occurrence of an event requiring valuation (the "Valuation Event"), the fair value of such consideration will be determined within five (5) Trading Days after the tenth (10th) day following such Valuation Event by an independent, reputable appraiser jointly selected by the Company and the Holder. The determination of such appraiser shall be final and binding upon all parties absent manifest error and the fees and expenses of such appraiser shall be borne by the Company). "Adjustment Right" means any right granted with respect to any securities issued in connection with, or with respect to, any issuance or sale (or deemed issuance or sale hereunder) of Common Stock (other than rights of the type described in Sections 3(c) and 3(d) hereof) that could result in a decrease in the net consideration received by the Company in connection with, or with respect to, such securities (including, without limitation, any cash settlement rights, cash adjustment or other similar rights).

(g) Change in Option Price or Rate of Conversion. If the Company takes a record of the holders of shares of Common Stock for the purpose of entitling them (A) to receive a dividend or other distribution payable in shares of Common Stock, Options or in Common Stock Equivalents or (B) to subscribe for or purchase shares of Common Stock, Options or Common Stock Equivalents, then such record date will be deemed to be the date of the issuance or sale of the shares of Common Stock deemed to have been issued or sold upon the declaration of such dividend or the making of such other distribution or the date of the granting of such right of subscription or purchase (as the case may be).

(h) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 5(a) above, if at any time while this Note is outstanding, the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

(i) Pro Rata Distributions. During such time as this Note is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Note, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that, to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

(j) Fundamental Transaction. If, at any time while this Note is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent conversion of this Note, the Holder shall have the right to receive, for each Conversion Share that would have been issuable upon such conversion immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 4(c) on the conversion of this Note), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "**Alternate Consideration**") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Note is convertible immediately prior to such Fundamental Transaction (without regard to any limitation in Section 4(c) on the conversion of this Note). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one (1) share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of this Note following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "**Successor Entity**") to assume in writing all of the obligations of the Company under this Note and the other Transaction Documents (as defined in the Purchase Agreement) in accordance with the provisions of this Section 5(j) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the holder of this Note, deliver to the Holder in exchange for this Note a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Note which is convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon conversion of this Note (without regard to any limitations on the conversion of this Note) prior to such Fundamental Transaction, and with a conversion price which applies the conversion price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of this Note immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Note and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Note and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

(k) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

(l) Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 5, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

Section 6. Negative Covenants. As long as any portion of this Note remains outstanding, unless the holders (including the Lead Investor) of a majority in Original Principal Amount of the then outstanding Notes shall have otherwise given prior written consent, the Company shall not, and shall not permit any of its Subsidiaries (if any) to, directly or indirectly:

(a) other than Permitted Indebtedness, enter into, create, incur, assume, guarantee or suffer to exist any Indebtedness;

(b) amend its charter documents, including, without limitation, its certificate of incorporation and bylaws, in any manner that materially and adversely affects any rights of the Holder unless consented to by the Holder;

(c) repay, repurchase or offer to repay, repurchase or otherwise acquire more than a de minimis number of shares of its Common Stock or Common Stock Equivalents other than as to (i) the Conversion Shares or Warrant Shares as permitted or required under the Transaction Documents, (ii) repurchases of Common Stock or Common Stock Equivalents of departing officers and directors of the Company, provided that such repurchases shall not exceed an aggregate of $25,000 for all officers and directors during the term of this Note, (iii) repurchases of Common Stock or Common Stock Equivalents, pursuant to existing repurchase agreements, provided that such repurchases shall not exceed an aggregate of $25,000 during the term of this Note, or (iv) shares of Common Stock and Common Stock Equivalents which do not vest or are otherwise forfeited, provided (in case of forfeiture) that such Common Stock and Common Stock Equivalents are not acquired for cash;

(d) repay, repurchase or offer to repay, repurchase or otherwise acquire any Indebtedness, other than the Notes if on a pro-rata basis, other than regularly scheduled principal and interest payments as such terms are in effect as of the Original Issue Date, provided that such payments shall not be permitted if, at such time, or after giving effect to such payment, any Event of Default exist or occur;

(e) pay cash dividends or distributions on any equity securities of the Company;

(f) enter into any material transaction with any Affiliate of the Company, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval);

(g) create, permit or suffer to exist any Lien on any of its or any Subsidiaries properties and assets other than (x) Permitted Liens (as defined in the Security Agreement) and (y) Liens that are fully subordinated to the Liens granted under the Security Agreement; or

(h) enter into any agreement with respect to any of the foregoing.

Section 7. Events of Default.

(a) "Event of Default" means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order of any court, or any order, rule or regulation of any administrative or governmental body):

(i) a registration statement for a Liquidity Event is not declared effective by the Final Maturity Date;

(ii) any default in the payment of: (A) the principal amount of any Note, or (B) interest, liquidated damages and other amounts owing to a Holder on any Note, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise) which default, solely in the case of an interest payment or other default under clause (B) above, is not cured within 5 Trading Days;

(iii) the Company shall fail to observe or perform any other covenant or agreement contained in the Notes (other than a breach by the Company of its obligations to deliver shares of Common Stock to the Holder upon conversion, which breach is addressed in clause (x) below) or in any Transaction Document, which failure is not cured, if possible to cure, within the earlier to occur of (A) five (5) Trading Days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) seven (7) Trading Days after the Company has become or should have become aware of such failure;

(iv) a default or event of default (subject to any grace or cure period provided in the applicable agreement, document or instrument) shall occur under (A) any of the Transaction Documents or (B) any other material agreement, lease, document or instrument to which the Company is obligated (and not covered by clause (vii) below);

(v) any material representation or warranty made in this Note, any other Transaction Documents, any written statement pursuant hereto or thereto or any other report, financial statement or certificate made or delivered to the Holder or any other Holder shall be untrue or incorrect in any material respect as of the date when made;

(vi) the Company or any Significant Subsidiary (as such term is defined in Rule 1-02(w) of Regulation S-X) shall be subject to a Bankruptcy Event;

(vii) the Company shall default on any of its obligations under any mortgage, credit agreement or other facility, indenture agreement, capital lease, factoring agreement or other instrument under which there may be issued, or by which there may be secured or evidenced, any Indebtedness for borrowed money or money due under any long term leasing or factoring arrangement that (a) involves an obligation greater than $200,000, whether such Indebtedness now exists or shall hereafter be created, and (b) results in such Indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable;

(viii) the Company shall be a party to any Change of Control Transaction or Fundamental Transaction or shall agree to sell or dispose of all or in excess of 33% of its assets in one transaction or a series of related transactions (whether or not such sale would constitute a Change of Control Transaction);

(ix) the Company shall fail for any reason to deliver Conversion Shares to a Holder prior to the fifth Trading Day after a Conversion Date pursuant to Section 4(b) or the Company shall provide at any time notice to the Holder, including by way of public announcement, of the Company's intention to not honor requests for conversions of any Notes in accordance with the terms hereof;

(x) a final non-appealable judgment by any competent court in Canada or the United States for the payment of money in an amount of at least $200,000 is rendered against the Company, and the same remains undischarged and unpaid for a period of 60days during which execution of such judgment is not effectively stayed; and

(xi) Liens granted under the Security Agreement shall become invalid or unperfected.

(b) Remedies Upon Event of Default. If any Event of Default occurs and continues, this Note shall become, at the Holder's election, immediately due and payable in cash in the Mandatory Default Amount. Upon the payment or conversion in full of the Mandatory Default Amount in accordance with the terms of this Note, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind, and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable law. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 7(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon. In addition, during the occurrence and continuance of an Event of Default, the Holder shall be entitled to collect from the Company an amount equal to the product of: (x) 30% of all revenues received by the Company and its Subsidiaries (if any) following the occurrence and during the continuance of an Event of Default and (y) the Pro Rata Share of this Note, which portion of such revenues will (notwithstanding anything to the contrary set forth herein or the other Transaction Documents) will be payable the Holder no less frequently than monthly on each Interest Payment Date. The Collateral Agent under (and as defined in) the Security Agreement shall be entitled on behalf of the Holders to sweep the cash in the bank accounts of the Company and Subsidiaries (if any) for such amounts, which shall be treated as repayments of amounts due and owing hereunder. The Company agrees to execute and deliver such additional documents and will provide such additional information as may reasonably be required to carry out this Section 7(b), it being understood that the Company shall use its best efforts to request that any of the applicable banks agree to any deposit account control agreement that may reasonably be required by the Collateral Agent.

Section 8. Miscellaneous.

(a) Notices. Any and all notices or other communications or deliveries to be provided by the Holder hereunder shall be in writing and delivered personally, by email attachment, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth on in the Purchase Agreement, or such other, email address, or address as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 8(a). Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, by email attachment, or sent by a nationally recognized overnight courier service addressed to each Holder at the facsimile number, email address or address of the Holder appearing on the books of the Company, or if no such facsimile number or email attachment or address appears on the books of the Company, at the principal place of business of such Holder, as set forth in the Purchase Agreement. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of: (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment to the email address set forth on the signature pages attached hereto prior to 5:30 p.m. (Eastern time) on any date, (ii) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number or email attachment to the email address set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (Eastern time) on any Business Day, (iii) the second Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

(b) Absolute Obligation; Ranking. Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company. This Note: (i) is a direct debt obligation of the Company; (ii) is secured under the Security Agreement, (iii) ranks *pari passu* with the Existing Convertible Notes, and (iv) ranks *pari-passu* with all other Notes now or hereafter issued under the terms of the Purchase Agreement.

(c) Lost or Mutilated Note. If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the Original Principal Amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

(d) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced in accordance with the internal laws of the State of Arizona, without regard to the principles of conflict of laws thereof. Each party agrees that all legal proceedings concerning the interpretation, enforcement and defense of the transactions contemplated by any of the Transaction Documents (whether brought against a party hereto or its respective Affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the County of New York, New York (the "**New York Courts**"). Each party hereto hereby irrevocably submits to the exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such New York Courts, or such New York Courts are improper or inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Note and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by applicable law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Note or the transactions contemplated hereby. If any party shall commence an action or proceeding to enforce any provisions of this Note, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorney's fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

(e) Waiver. Any waiver by the Company or the Holder of a breach of any provision of this Note shall not operate as or be construed to be a waiver of any other breach of such provision or of any breach of any other provision of this Note. The failure of the Company or the Holder to insist upon strict adherence to any term of this Note on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Note on any other occasion. Any waiver by the Company or the Holder must be in writing.

(f) Severability. If any provision of this Note is invalid, illegal or unenforceable, the balance of this Note shall remain in effect, and if any provision is inapplicable to any Person or circumstance, it shall nevertheless remain applicable to all other Persons and circumstances. If it shall be found that any interest or other amount deemed interest due hereunder violates the applicable law governing usury, the applicable rate of interest due hereunder shall automatically be lowered to equal the maximum rate of interest permitted under applicable law. The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or interest on this Note as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Note, and the Company (to the extent it may lawfully do so) hereby expressly waives all benefits or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holder, but will suffer and permit the execution of every such as though no such law has been enacted.

(g) Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is reasonably requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Note.

(h) Next Business Day. Whenever any payment or other obligation hereunder shall be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day.

(i) Headings. The headings contained herein are for convenience only, do not constitute a part of this Note and shall not be deemed to limit or affect any of the provisions hereof.

Section 9. Amendments; Waivers. Any modifications, amendments or waivers of the provisions hereof shall be subject to Section 5.05 of the Purchase Agreement.

Section 10. Usury. To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any Action or Proceeding that may be brought by any Holder in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Holder with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by such Holder to the unpaid principal amount of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Holder's election.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by a duly authorized officer as of the date first above indicated.

NEURAXIS, INC.

By: _____
Name: Brian Carrico
Title: Chief Executive Officer

APPENDIX D

FORM OF SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of February ___, 2023 (this "**Agreement**"), is among Neuraxis, Inc., a Delaware corporation (the "**Company**" or "**Debtor**") and the holder(s) of the Company's 10% original issue discount senior secured convertible notes in the aggregate original principal amount of up to $6,666,666.67 (collectively, the "**Notes**") signatory hereto, their endorsees, transferees and assigns (each holder a "**Secured Party**," and collectively, the "**Secured Parties**"). Each of the Company, and the Secured Parties are a "party" to this Agreement, and one or more of them are the "parties" hereto as the context may require.

WITNESSETH:

WHEREAS, pursuant to the Securities Purchase Agreement dated as of February ___, 2023 (the "**Purchase Agreement**") and the Notes, the Secured Parties have severally agreed to extend loans to the Company evidenced by the Notes; and

WHEREAS, in order to induce the Secured Parties to extend the loans evidenced by the Notes, the Debtor has agreed to execute and deliver to the Secured Parties this Agreement and to grant the Secured Parties a lien security interest in all of the assets of the Company to secure the prompt payment, performance and discharge in full of all of the Company's obligations (whether at the stated maturity, by acceleration or otherwise) under the Purchase Agreement and the Notes (the "**Obligations**").

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1 Certain Definitions.

As used in this Agreement, the following terms shall have the meanings set forth in this section 1. Terms used but not otherwise defined in this Agreement that are defined in Article 9 of the UCC (such as '**account**', '**chattel paper'**, '**commercial tort claim'**, '**deposit account'**, '**document**', '**equipment**', '**fixtures**', '**general intangibles'**, '**goods**', '**instruments**', '**inventory**', '**investment property'**, **'letter-of-credit rights**', '**proceeds**', '**securities**', and '**supporting obligations'**) shall have the respective meanings given such terms in Article 9 of the UCC.

(a) "**Collateral**" means the collateral in which the Secured Parties are granted a lien and security interest by this Agreement and which shall include only the following property of the Company (as defined below):

(i) **All assets of the Company**, wherever located or deemed located, now owned or at any time hereafter acquired by the Company or in which the Company now has or at any time in the future may acquire any right, title or interest including, without limitation, all machinery, equipment, fixtures, goods, inventory, furnishings, computers, software, motor vehicles, trucks, tanks, boats, ships, appliances, furniture, special and general tools, fixtures, test and quality control devices and other equipment of every kind and nature, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, wherever situated, all Intellectual Property, together with all documents of title and documents representing the same, all additions and accessions thereto, replacements therefor, all parts therefor, and all substitutes for any of the foregoing and all other items used and useful in connection with any Company's businesses and all improvements thereto; and

(ii) All accounts of the Company; and

(iii) All chattel paper of the Company; and

(iv) All commercial tort claims of the Company; and

(v) All, general intangibles, including: (A) all rights of the Company to receive moneys due and to become due to it thereunder or in connection therewith; (B) all rights of the Company to receive proceeds of any insurance, indemnity, warranty or guarantee with respect thereto; (C) all claims of the Company for damages arising out of any breach of or default thereunder; and (D) all rights of the Company to terminate, amend, supplement, modify or exercise rights or options thereunder; and

(vi) All documents, deposit accounts, goods, instruments, investment property (including all securities, security entitlements and commodity contracts), and letter of credit rights,

(vii) All deposits and all money; and

(viii) All books and records pertaining to the Collateral;

(ix) All Intellectual Property of the Company, including, but not limited to those set forth on Schedule F hereto; and

(x) All Proceeds and products of any of the foregoing, and all substitutions or replacements of any Collateral.

Notwithstanding the foregoing, nothing herein shall be deemed to constitute an assignment of any asset which, in the event of an assignment, becomes void by operation of applicable law or the assignment of which is otherwise prohibited by applicable law (in each case to the extent that such applicable law is not overridden by Sections 9-406, 9-407 and/or 9-408 of the UCC or other similar applicable law); provided, however, that to the extent permitted by applicable law, this Agreement shall create a valid lien security interest in such asset and, to the extent permitted by applicable law, this Agreement shall create a valid lien security interest in the proceeds of such asset (subject, in each case, to Permitted Liens).

(b) "**Intellectual Property**" means the collective reference to all rights, priorities and privileges relating to the intellectual property of the Company, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation: (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office; (ii) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof, and all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof ("**Patent Rights**"); (iii) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, domain names, business listings and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common law rights related thereto ("**Trademark Rights**"); (iv) all trade secrets arising under the laws of the United States, any other country or any political subdivision thereof; (v) all rights to obtain any reissues, renewals or extensions of the foregoing; (vi) all licenses for any of the foregoing; and (vii) all causes of action for infringement of the foregoing.

(c) "**Obligations**" means all of the liabilities and obligations (primary, secondary, direct, contingent, sole, joint or several) of any Debtor due or to become due, or that are now or may be hereafter contracted or acquired, or owing to, the Secured Parties, including, without limitation, all obligations under this Agreement, the Purchase Agreement, the Notes, and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith, in each case, whether now or hereafter existing, voluntary or involuntary, direct or indirect, absolute or contingent, liquidated or unliquidated, whether or not jointly owed with others, and whether or not from time to time decreased or extinguished and later increased, created or incurred, and all or any portion of such obligations or liabilities that are paid, to the extent all or any part of such payment is avoided or recovered directly or indirectly from any of the Secured Parties as a preference, fraudulent transfer or otherwise as such obligations may be amended, supplemented, converted, extended or modified from time to time. Without limiting the generality of the foregoing, the term "**Obligations**" shall include, without limitation: (i) principal of, and interest on and all expenses related to, the Notes and the loans extended pursuant thereto; (ii) any and all other fees, indemnities, costs, obligations and liabilities of the Debtor from time to time under or in connection with this Agreement, the Purchase Agreement, the Notes, and any other instruments, agreements or other documents executed and/or delivered in connection herewith or therewith; and (iii) all amounts (including but not limited to post-petition interest) in respect of the foregoing that would be payable but for the fact that the obligations to pay such amounts are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Debtor.

(d) "**Permitted Liens**" shall mean, with respect to any Person: (i) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws, or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness), or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits of cash or U.S. government bonds to secure surety or appeal bonds to which such Person is a party, or deposits as security for the payment of rent or deposits made to secure obligations arising from contractual or warranty refunds, in each case, Incurred in the ordinary course of business; (ii) liens imposed by law, such as carriers', warehousemen's, materialmen's, repairmen's, and mechanics' liens, in each case, incurred in the ordinary course of business and for sums not yet overdue for a period of more than thirty (30) days or, if more than thirty (30) days overdue, are unfiled and no other action has been taken to enforce such lien or that are being contested in good faith by appropriate proceedings or other liens arising out of judgments or awards against such Person with respect to which such Person shall then be proceeding with an appeal or other proceedings for review if adequate reserves with respect thereto are maintained on the books of such Person in accordance with generally accepted accounting principles ("**GAAP**"); (iii) liens for taxes, assessments, or other governmental charges, not yet overdue for a period of more than thirty (30) days or which are being contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of such Person in accordance with GAAP; (iv) liens in favor of issuers of performance, surety, bid, indemnity, warranty, release, appeal, or similar bonds or with respect to other regulatory requirements or letters of credit or bankers' acceptances issued, and completion guarantees provided for, in each case pursuant to the request of and for the account of such Person in the ordinary course of its business; (v) minor survey exceptions, minor encumbrances, ground leases, easements, or reservations of, or rights of others for, licenses, rights-of-way, servitudes, sewers, electric lines, drains, telegraph and telephone and cable television lines, gas and oil pipelines, and other similar purposes, or zoning, building codes, or other restrictions (including, without limitation, minor defects or irregularities in title and similar encumbrances) as to the use of real properties or liens incidental, to the conduct of the business of such Person or to the ownership of its properties in each case which were not incurred in connection with the Notes and which do not materially interfere with the business of the Company; (vi) leases, subleases, licenses, or sublicenses (including of Intellectual Property) granted to others in the ordinary course of business and which do not materially interfere with the business of the Company; (vii) deposits made or other security provided to secure liabilities to insurance carriers under insurance or self-insurance arrangements in the ordinary course of business; (viii) restrictive covenants affecting the use to which real property may be put; provided that the covenants are complied with in all material respects; (ix) security given to a public utility or any municipality or governmental authority when required by such utility or authority in connection with the operations of that Person in the ordinary course of business; (x) zoning by-laws and other land use restrictions, including, without limitation, site plan agreements, development agreements, and contract zoning agreements; (xi) liens arising out of conditional sale, title retention, consignment, or similar arrangements for sale of goods entered into by the Company in the ordinary course of business; (xii) liens arising under this Agreement or documents or instruments related to the Notes; (xiii) Liens to secure Permitted Indebtedness (as defined in the Notes); and (xiv) with respect to any mortgaged property, the matters listed as exceptions to title on Schedule B of a standard title policy covering such mortgaged property and the matters disclosed in any survey delivered to the lender with respect to such mortgaged property to the extent such matters are reasonably acceptable to the lender. For purposes of this definition, the term "**indebtedness**" shall be deemed to include interest on, and fees, expenses and other obligations payable with respect to, such indebtedness.

(e) "**Proceeds**" shall mean all "**proceeds**" as such term is defined in Article 9 of the UCC and, in any event, shall include with respect to the Company, any consideration received from the sale, exchange, license, lease or other disposition of any asset or property that constitutes Collateral, any value received as a consequence of the possession of any Collateral and any payment received from any insurer or other person or entity ("**Person**") as a result of the destruction, loss, theft, damage or other involuntary conversion of whatever nature of any asset or property that constitutes Collateral, and shall include: (i) all cash and negotiable instruments received by or held (by the Company or any other Person) on behalf of the Secured Parties; (ii) any claim of any Debtor against any third party for (and the right to sue and recover for and the rights to damages or profits due or accrued arising out of or in connection with) (A) past, present or future infringement or other violation of any patent now or hereafter owned by any Debtor; (B) past, present or future infringement or dilution or other violation of any trademark now or hereafter owned by any Debtor or injury to the goodwill of the business connected with the use thereof or symbolized thereby, (C) past, present or future infringement or other violation of any copyright now or hereafter owned by any Debtor, (D) past, present or future infringement, misappropriation or misuse or other violation or impairment of any other Intellectual Property now or hereafter owned by any Debtor; and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

(f) "UCC" means the Uniform Commercial Code of the State of Delaware, or any other applicable law of any state or states which has jurisdiction with respect to all, or any portion of, the Collateral or this Agreement, from time to time. It is the intent of the parties that defined terms in the UCC should be construed in their broadest sense so that the term "Collateral" will be construed in its broadest sense. Accordingly, if there are from time to time, changes to defined terms in the UCC that broaden the definitions, they are incorporated herein and if existing definitions in the UCC are broader than the amended definitions, the existing ones shall be controlling.

Section 2 Grant of Security Interest in Collateral.

(a) As an inducement for the Secured Parties to extend the loans as evidenced by the Notes and to secure the complete and timely payment, performance and discharge in full of all of the Obligations as set forth in the Purchase Agreement and the Notes, as the case may be, of all of the other Obligations, Debtor hereby unconditionally and irrevocably pledges, grants and hypothecates to the Secured Parties (subject in each case to Permitted Liens) a priority security interest in and to, and lien upon and a right of set-off against all of their respective right, title and interest of whatsoever kind and nature in and to, the Collateral as defined above ("**Security Interest**" and, collectively, the "**Collateral**").

(b) Debtor hereby agrees to provide to the Secured Parties or the Collateral Agent (defined as the party appointed by a majority of the Secured Parties) promptly upon request, any information reasonably necessary to effectuate the filings or recordings authorized by this Agreement.

(c) The Secured Parties or the Collateral Agent are further authorized to file with the United States Patent and Trademark Office, the United States Copyright Office or any similar office in any state of the United States (or any successor office), with the signature of each applicable Debtor, such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the Security Interest granted hereunder to the Patent Rights and Trademark Rights, all right, title and interest to which have been assigned or will be assigned to the Debtor, by Debtor and naming any Debtor or the Debtors as debtors and the Secured Parties, as the case may be, as secured party.

(d) The Security Interest is granted as security only and shall not subject the Secured Parties to, or in any way alter or modify, any obligation or liability of any Debtor with respect to or arising out of the Collateral.

Section 3 Delivery of Certain Collateral.

Contemporaneously or prior to the execution of this Agreement, Debtor shall deliver or cause to be delivered to the Collateral Agent any and all documents, instruments, certificates and all other physical evidence representing any of the other Collateral, in each case, together with all necessary endorsements.

Section 4 Representations, Warranties, Covenants and Agreements of the Debtor.

The Debtor represents and warrants to, and covenants and agrees with, the Secured Parties as follows:

(a) Debtor has the requisite corporate, partnership, limited liability company or other power and authority to enter into this Agreement and otherwise to carry out its obligations hereunder. The execution, delivery and performance by Debtor of this Agreement and the filings contemplated therein have been duly authorized by all necessary action on the part of Debtor and no further action is required by Debtor. This Agreement has been duly executed by Debtor. This Agreement constitutes the legal, valid and binding obligation of Debtor, enforceable against Debtor in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization and similar laws of general application relating to or affecting the rights and remedies of creditors and by general principles of equity.

(b) Except for the Security Interest granted to the Secured Parties pursuant to this Agreement, and Permitted Liens, Debtor owns, or has valid leaseholds in or the right to use, each item of the Collateral free and clear of any and all liens or other encumbrances. No security agreement, financing statement or other public notice with respect to all or any part of the Collateral that evidences a lien securing any indebtedness is on file or of record in any public office, except such as: (i) have been filed in favor of and for the benefit of the Secured Parties pursuant to this Agreement; (ii) relate to obligations no longer outstanding or are in respect of commitments to lend which have been terminated. No written claim has been received that any Collateral or any Debtor's use of any Collateral violates the rights of any third party. There has been no adverse decision to any Debtor's claim of ownership rights in or exclusive rights to use the Collateral in any jurisdiction or to any Debtor's right to keep and maintain such Collateral in full force and effect, and there is no proceeding involving said rights pending or, to the best knowledge of any Debtor, threatened before any court, judicial body, administrative or regulatory agency, arbitrator or other governmental authority.

(c) Debtor shall at all times maintain its books of account and records relating to the Collateral at its principal place of business and its Collateral at the locations set forth on Schedule A attached hereto and may not relocate such books of account and records or tangible Collateral unless it delivers to the Secured Parties at least thirty (30) days prior to such relocation: (i) written notice of such relocation and the new location thereof (which must be within the United States); and (ii) evidence that appropriate financing statements under the UCC and other necessary documents have been filed and recorded and other steps have been taken to perfect the Collateral to create in favor of the Secured Parties a valid, perfected and continuing perfected lien in the Collateral.

(d) This Agreement is effective to create in favor of the Secured Parties a valid lien and security interest in the Collateral, subject only to Permitted Liens, securing the payment and performance of the Obligations. Upon making the filings described in the immediately following paragraph, all security interests created hereunder in any Collateral which may be perfected by filing Uniform Commercial Code financing statements shall have been duly perfected. Except for the filing of the Uniform Commercial Code financing statements referred to in the immediately following paragraph, the recordation of the Intellectual Property Security Agreement with respect to copyrights and copyright applications in the United States Copyright Office, the execution and delivery of deposit account control agreements satisfying the requirements of Section 9-104(a)(2) of the UCC with respect to each deposit account of the Debtor, and the delivery of the certificates and other instruments provided in section 3, no action is necessary to create, perfect or protect the security interests created hereunder.

(e) Debtor hereby authorizes the Collateral Agent to file one or more financing statements under the UCC, with respect to the Collateral, with the proper filing and recording agencies in any jurisdiction deemed proper by it. Debtor agrees that at any time and from time to time, at the expense of the Debtor, it will execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), which may be required under any applicable law, or which the Collateral Agent may reasonably request, in order: (i) to grant, preserve, protect and perfect the validity and priority of the Security Interest created or intended to be created hereby; or (ii) to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral, including the filing of any financing or continuation statements under the UCC in effect in any jurisdiction with respect to the Security Interest created hereby, all at the expense of such Debtor.

(f) The execution, delivery and performance of this Agreement by the Debtor does not: (i) violate any of the provisions of any articles or certificate of incorporation or bylaws or other organizational documents ("**Organizational Documents**") of any Debtor or any judgment, decree, order or award of any court, governmental body or arbitrator or any applicable law, rule or regulation applicable to any Debtor; or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing any Debtor's debt or otherwise) or other understanding to which any Debtor is a party or by which any property or asset of any Debtor is bound or affected. If any, all required consents (including, without limitation, from stockholders or creditors of any Debtor) necessary for any Debtor to enter into and perform its obligations hereunder have been obtained.

(g) Debtor shall at all times maintain the liens and Collateral provided for hereunder as valid and perfected liens and security interests in the Collateral in favor of the Secured Parties until this Agreement and the Security Interest hereunder shall be terminated pursuant to section 14 hereof. Debtor hereby agrees to defend the same against the claims of any and all Persons and entities. Debtor shall safeguard and protect all Collateral and hold it in trust for the account of the Secured Parties. At the request of the Collateral Agent, Debtor will sign and deliver to the Collateral Agent on behalf of the Secured Parties at any time or from time to time one or more financing statements pursuant to the UCC in form reasonably satisfactory to the Collateral Agent and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Collateral Agent to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, Debtor shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Collateral hereunder, and Debtor shall obtain and furnish to the Collateral Agent from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Collateral hereunder.

(h) Debtor will not transfer, pledge, hypothecate, encumber, license, sell or otherwise dispose of any of the Collateral (except for non-exclusive licenses granted by a Debtor in its ordinary course of business and sales of inventory by a Debtor in its ordinary course of business) without the prior written consent of a Majority in Interest (defined below).

(i) Debtor shall keep and preserve its equipment, inventory and other tangible Collateral in good condition, repair and order and shall not operate or locate any such Collateral (or cause to be operated or located) in any area excluded from insurance coverage or outside the reach of the Collateral Agent.

(j) Debtor shall maintain with financially sound and reputable insurers, insurance with respect to the Collateral, including Collateral hereafter acquired, against loss or damage of the kinds and in the amounts customarily insured against by entities of established reputation having similar properties similarly situated and in such amounts as are customarily carried under similar circumstances by other such entities and otherwise as is prudent for entities engaged in similar businesses but in any event sufficient to cover the full replacement cost thereof. Debtor shall cause each insurance policy issued in connection herewith to provide, and the insurer issuing such policy to certify to the Collateral Agent, that: (i) the Collateral Agent or the Secured Parties will be named as lender loss payee and additional insured under each such insurance policy; (ii) if such insurance be proposed to be cancelled or materially changed for any reason whatsoever, such insurer will promptly notify the Collateral Agent and such cancellation or change shall not be effective as to the Collateral Agent for at least thirty (30) days after receipt by the Collateral Agent of such notice, unless the effect of such change is to extend or increase coverage under the policy; and (iii) the Collateral Agent will have the right (but no obligation) at its election to remedy any default in the payment of premiums within thirty (30) days of notice from the insurer of such default at the expense of the Debtor. If no Event of Default (as defined in the Notes) exists and if the proceeds arising out of any claim or series of related claims do not exceed $100,000, loss payments in each instance will be applied by the applicable Debtor to the repair and/or replacement of property with respect to which the loss was incurred to the extent reasonably feasible, and any loss payments or the balance thereof remaining, to the extent not so applied, shall be payable to the applicable Debtor; provided, however, that payments received by any Debtor after an Event of Default occurs and is continuing or in excess of$100,000 for any occurrence or series of related occurrences shall be paid to the Collateral Agent on behalf of the Secured Parties and, if received by Debtor, shall be held in trust for the Secured Parties and immediately paid over to the Collateral Agent unless otherwise directed in writing by the Collateral Agent. Copies of such policies or the related certificates, in each case, naming the Collateral Agent as lender loss payee and additional insured shall be delivered to the Collateral Agent upon the execution of this Agreement and at least annually and at the time any new policy of insurance is issued.

(k) Debtor shall, within ten (10) days of obtaining knowledge thereof, advise the Secured Parties promptly, in sufficient detail, of any material adverse change in the Collateral, and of the occurrence of any event which would have a material adverse effect on the value of the Collateral or on the Secured Parties' security interest, through the Collateral Agent, therein.

(l) Debtor shall permit the Collateral Agent and its representatives and agents to inspect the Collateral during normal business hours and upon reasonable prior notice, and to make copies of records pertaining to the Collateral as may be reasonably requested by the Collateral Agent from time to time.

(m) Debtor shall, *sua sponte*, take all steps reasonably necessary to diligently pursue and seek to preserve, enforce and collect any rights, claims, causes of action and accounts receivable in respect of the Collateral without the need for a request therefore from the Collateral Agent.

(n) Debtor shall promptly notify the Secured Parties in sufficient detail upon becoming aware of any attachment, garnishment, execution or other legal process levied against any Collateral and of any other information received by Debtor that may materially affect the value of the Collateral, the Security Interest or the rights and remedies of the Secured Parties hereunder and shall promptly take all necessary or appropriate action to remediate, mitigate or eliminate such adverse action at its own expense.

(o) All information heretofore, herein or hereafter supplied to the Secured Parties by or on behalf of Debtor with respect to the Collateral is accurate and complete in all material respects as of the date furnished.

(p) The Debtor shall at all times preserve and keep in full force and effect their respective valid existence and good standing and any rights and franchises material to its business.

(q) At any time and from time to time that any Collateral consists of instruments, certificated securities or other items that require or permit possession by the Secured Parties to perfect the security interest created hereby, the applicable Debtor shall deliver such Collateral to the Collateral Agent upon demand.

(r) Debtor, in its capacity as issuer, hereby agrees to comply with any and all orders and instructions of Collateral Agent regarding the Collateral consistent with the terms of this Agreement without the further consent of any Debtor as contemplated by Section 8-106 (or any successor Section) of the UCC. Further, Debtor agrees that it shall not enter into a similar agreement (or one that would confer "**control**" within the meaning of Article 8 of the UCC) with any other Person or entity.

(s) Debtor shall cause all tangible chattel paper constituting Collateral to be delivered to the Collateral Agent, or, if such delivery is not possible, then to cause such tangible chattel paper to contain a legend noting that it is subject to the security interest created by this Agreement. To the extent that any Collateral consists of electronic chattel paper, the applicable Debtor shall cause the underlying chattel paper to be 'marked' within the meaning of Section 9-105 of the UCC (or successor Section thereto).

(t) Debtor shall immediately provide written notice to the Secured Parties of any and all accounts which arise out of contracts with any governmental authority and, to the extent necessary to perfect or continue the perfected status of the Collateral in such accounts and proceeds thereof, shall execute and deliver to the Collateral Agent an assignment of claims for such accounts and cooperate with the Collateral Agent in taking any other steps required, in its judgment, under the Federal Assignment of Claims Act or any similar federal, state or local statute or rule to perfect or continue the perfected status of the Collateral in such accounts and proceeds thereof.

(u) Debtor will from time to time, at the joint and several expense of the Debtor, promptly execute and deliver all such further instruments and documents, and take all such further action as may be necessary or desirable, or as the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder and with respect to any Collateral or to otherwise carry out the purposes of this Agreement.

Section 5 Effect of Pledge on Certain Rights.

If any of the Collateral subject to this Agreement consists of nonvoting equity or ownership interests (regardless of class, designation, preference or rights) that may be converted into voting equity or ownership interests upon the occurrence of certain events (including, without limitation, upon the transfer of all or any of the other stock or assets of the issuer), it is agreed that the pledge of such equity or ownership interests pursuant to this Agreement or the enforcement of any of Collateral Agent's rights hereunder shall not be deemed to be the type of event which would trigger such conversion rights notwithstanding any provisions in the Organizational Documents or agreements to which any Debtor is subject or to which any Debtor is party.

Section 6 Defaults.

The following events shall be "**Events of Default**":

(a) The occurrence of an Event of Default (as defined in the Notes) under the Notes;

(b) Any representation or warranty of any Debtor in this Agreement shall prove to have been incorrect in any material respect when made;

(c) The failure by any Debtor to observe or perform any of its obligations hereunder for ten (10) days after receipt by Debtor of notice of such failure by or on behalf of a Secured Party unless such default is capable of cure but cannot be cured within such time frame and Debtor is using best efforts to cure same in a timely fashion, provided that if no cure is provided to the satisfaction of the Secured Parties within twenty (20) days after such notice, then the failure shall be deemed an Event of Default; or

(d) If any provision of this Agreement shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested by any Debtor, or a proceeding shall be commenced by any Debtor, or by any governmental authority having jurisdiction over any Debtor, seeking to establish the invalidity or unenforceability thereof, or any Debtor shall deny that any Debtor has any liability or obligation purported to be created under this Agreement.

Section 7 Duty to Hold in Trust.

(a) Upon the occurrence of any Event of Default and at any time thereafter, Debtor shall, upon receipt of any revenue, income, dividend, interest or other sums subject to the Collateral, whether payable pursuant to the Notes or otherwise, or of any check, draft, note, trade acceptance or other instrument evidencing an obligation to pay any such sum, hold the same in trust for the Secured Parties and shall forthwith endorse and transfer any such sums or instruments, or both, to the Secured Parties, pro-rata in proportion to their respective then-currently outstanding principal amount of Notes for application to the satisfaction of the Obligations (and if any Note is not outstanding, pro-rata in proportion to the initial purchases of the remaining Notes).

(b) If any Debtor shall become entitled to receive or shall receive any securities or other property (including, without limitation, shares of pledged securities or instruments representing pledged securities acquired after the date hereof, or any options, warrants, rights or other similar property or certificates representing a dividend, or any distribution in connection with any recapitalization, reclassification or increase or reduction of capital, or issued in connection with any reorganization of Debtor or any of its direct or indirect subsidiaries) in respect of the pledged securities (whether as an addition to, in substitution of, or in exchange for, such pledged securities or otherwise), Debtor agrees to: (i) accept the same as the Collateral Agent of the Secured Parties; and (ii) hold the same in trust on behalf of and for the benefit of the Secured Parties; and (iii) to deliver any and all certificates or instruments evidencing the same to Collateral Agent on or before the close of business on the fifth business day following the receipt thereof by Debtor, in the exact form received together with the necessary endorsements, to be held by Collateral Agent subject to the terms of this Agreement as Collateral.

Section 8 Rights and Remedies Upon Default.

(a) Upon the occurrence of any Event of Default and at any time thereafter if such breach is not cured, the Secured Parties, acting through the Collateral Agent, shall have the right to exercise all of the remedies conferred hereunder and under the Purchase Agreement and the Notes, and the Secured Parties shall have all the rights and remedies of a secured party under the UCC. Without limitation, the Collateral Agent, for the benefit of the Secured Parties, shall have the following rights and powers:

(i) The Collateral Agent shall have the right to take possession of the Collateral and, for that purpose, enter, with the aid and assistance of any Person, any premises where the Collateral, or any part thereof, is or may be placed and remove the same, and Debtor shall assemble the Collateral and make it available to the Collateral Agent at places which the Collateral Agent shall reasonably select, whether at Debtor's premises or elsewhere, and make available to the Collateral Agent, without rent, all of Debtor's respective premises and facilities for the purpose of the Collateral Agent taking possession of, removing or putting the Collateral in saleable or disposable form.

(ii) Upon notice to the Debtor by Collateral Agent, all rights of Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise and all rights of Debtor to receive the dividends and interest which it would otherwise be authorized to receive and retain, shall cease. Upon such notice, Collateral Agent shall have the right to receive, for the benefit of the Secured Parties, any interest, cash dividends or other payments on the Collateral and, at the option of Collateral Agent, to exercise in such Collateral Agent's discretion all voting rights pertaining thereto. Without limiting the generality of the foregoing, Collateral Agent shall have the right (but not the obligation) to exercise all rights with respect to the Collateral as it were the sole and absolute owner thereof, including, without limitation, to vote and/or to exchange, at its sole discretion, any or all of the Collateral in connection with a merger, reorganization, consolidation, recapitalization or other readjustment concerning or involving the Collateral or any Debtor or any of its direct or indirect subsidiaries.

(iii) The Collateral Agent shall have the right to operate the business of Debtor using the Collateral and shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Collateral Agent may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to any Debtor or right of redemption of a Debtor, which are hereby expressly waived. Upon each such sale, lease, assignment or other transfer of Collateral, the Collateral Agent, for the benefit of the Secured Parties, may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of any Debtor, which are hereby waived and released.

(iv) The Collateral Agent shall have the right (but not the obligation) to notify any account debtors and any obligors under instruments or accounts to make payments directly to the Collateral Agent, on behalf of the Secured Parties, and to enforce the Debtor's rights against such account debtors and obligors. Anything herein to the contrary notwithstanding, Debtor shall remain liable under each of the accounts to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. Unless the Collateral Agent has expressly in writing assumed the obligations and liabilities with respect thereto, and released the Debtors therefrom, neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any account (or any agreement giving rise thereto) by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any Secured Party of any payment relating thereto, nor shall the Collateral Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Debtor under or pursuant to any account (or any agreement giving rise thereto), to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Collateral Agent, for the benefit of the Secured Parties, may (but is not obligated to) direct any financial intermediary or any other Person or entity holding any investment property to transfer the same to the Collateral Agent, on behalf of the Secured Parties, or its designee and all Proceeds received by any Debtor consisting of cash, checks and other near cash items shall be held by such Debtor in trust for the Collateral Agent and the Secured Parties, segregated from other funds of such Debtor, and shall, forthwith upon receipt by such Debtor, be turned over to the Collateral Agent in the exact form received by such Debtor (duly endorsed by such Debtor to the Collateral Agent, if required). All Proceeds received by the Collateral Agent hereunder shall be held by the Collateral Agent in a Collateral Account maintained under its dominion and control and on terms and conditions reasonably satisfactory to the Collateral Agent. All Proceeds while held by the Collateral Agent in a Collateral Account (or by such Debtor in trust for the Collateral Agent and the Secured Parties) shall continue to be held as collateral security for all the Obligations and shall not constitute payment thereof until applied.

(v) The Collateral Agent may (but is not obligated to) transfer any or all Intellectual Property registered in the name of any Debtor at the United States Patent and Trademark Office and/or Copyright Office into the name of the Secured Parties or any designee or any purchaser of any Collateral.

(b) The Collateral Agent shall comply with any applicable law in connection with a disposition of Collateral and such compliance will not be considered adversely to affect the commercial reasonableness of any sale of the Collateral. The Collateral Agent may sell the Collateral without giving any warranties and may specifically disclaim such warranties. If the Collateral Agent sells any of the Collateral on credit, the Debtor will only be credited with payments actually made by the purchaser. In addition, Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Collateral Agent's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

(c) For the purpose of enabling the Collateral Agent to further exercise rights and remedies under this section 8 or elsewhere provided by agreement or applicable law, Debtor hereby grants to the Collateral Agent, for the benefit of the Collateral Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to Debtor) to use, license or sublicense following an Event of Default, any Intellectual Property now owned or hereafter acquired by Debtor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

Section 9 Application of Proceeds.

The proceeds of any such sale, lease or other disposition of the Collateral hereunder or from payments made on account of any insurance policy insuring any portion of the Collateral shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Collateral Agent in enforcing the Secured Parties' rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations *pro rata* among the Secured Parties (based on then-outstanding principal amounts of Notes at the time of any such determination), and to the payment of any other amounts required by applicable law, after which the Secured Parties shall pay to the applicable Debtor any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Parties are legally entitled, the Debtors will be personally liable, jointly and severally, for the deficiency, together with interest thereon, at the rate of 15% per annum or the lesser amount permitted by applicable law ("**Default Rate**"), and the reasonable fees and expenses of any attorneys employed by the Secured Parties to collect such deficiency. To the extent permitted by applicable law, Debtor waives all claims, damages and demands against the Secured Parties arising out of the repossession, removal, retention or sale of the Collateral, unless due solely to the gross negligence or willful misconduct of the Secured Parties as determined by a final judgment (not subject to further appeal) of a court of competent jurisdiction.

Section 10 Securities Law Provision.

Debtor recognizes that Collateral Agent may be limited in its ability to effect a sale to the public of all or part of the Pledged Securities by reason of certain prohibitions in the Securities Act of 1933, as amended, or other federal or state securities laws (collectively, the "**Securities Laws**"), and may be compelled to resort to one or more sales to a restricted group of purchasers who may be required to agree to acquire the pledged securities set forth in Schedule A ("**Pledged Securities**") for their own account, for investment and not with a view to the distribution or resale thereof. Debtor agrees that sales so made may be at prices and on terms less favorable than if the Pledged Securities were sold to the public, and that Collateral Agent has no obligation to delay the sale of any Pledged Securities for the period of time necessary to register the Pledged Securities for sale to the public under the Securities Laws. Debtor shall cooperate with Collateral Agent in its attempt to satisfy any requirements under the Securities Laws (including, without limitation, registration thereunder if requested by Collateral Agent) applicable to the sale of the Pledged Securities by Collateral Agent.

Section 11 Costs and Expenses.

Debtor agrees to pay all reasonable out-of-pocket fees, costs and expenses incurred in connection with any filing required hereunder, including without limitation, any financing statements pursuant to the UCC, continuation statements, partial releases and/or termination statements related thereto or any expenses of any searches reasonably required by the Collateral Agent. The Debtor shall also pay all other claims and charges which in the reasonable opinion of the Collateral Agent is reasonably likely to prejudice, imperil or otherwise affect the Collateral or the Collateral therein. The Debtor will also, upon demand, pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and Collateral Agents, which the Collateral Agent, for the benefit of the Secured Parties, may incur in connection with the creation, perfection, protection, satisfaction, foreclosure, collection or enforcement of the Security Interest and the preparation, administration, continuance, amendment or enforcement of this Agreement and pay to the Collateral Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and Collateral Agents, which the Collateral Agent, for the benefit of the Secured Parties, and the Secured Parties may incur in connection with: (i) the enforcement of this Agreement; (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral; or (iii) the exercise or enforcement of any of the rights of the Secured Parties under the Notes. Until so paid, any fees payable hereunder shall be added to the principal amount of the Notes and shall bear interest at the Default Rate.

Section 12 Responsibility for Collateral.

The Debtor assumes all liabilities and responsibility in connection with all Collateral, and the Obligations shall in no way be affected or diminished by reason of the loss, destruction, damage or theft of any of the Collateral or its unavailability for any reason. Without limiting the generality of the foregoing, (a) neither the Collateral Agent nor any Secured Party (i) has any duty (either before or after an Event of Default) to collect any amounts in respect of the Collateral or to preserve any rights relating to the Collateral, or (ii) has any obligation to clean-up or otherwise prepare the Collateral for sale, and (b) Debtor shall remain obligated and liable under each contract or agreement included in the Collateral to be observed or performed by Debtor thereunder. Neither the Collateral Agent nor any Secured Party shall have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Collateral Agent or any Secured Party of any payment relating to any of the Collateral, nor shall the Collateral Agent or any Secured Party be obligated in any manner to perform any of the obligations of any Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Collateral Agent or to which the Collateral Agent or any Secured Party may be entitled at any time or times.

Section 13 Collateral Absolute.

All rights of the Secured Parties and all obligations of the Debtor hereunder, shall be absolute and unconditional, irrespective of: (i) any lack of validity or enforceability of this Agreement, the Purchase Agreement, the Notes or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (ii) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Purchase Agreement, the Notes or any other agreement entered into in connection with the foregoing; (iii) any exchange, release or non-perfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guarantee, or any other security, for all or any of the Obligations; (iv) any action by the Secured Parties to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (v) any other circumstance which might otherwise constitute any legal or equitable defense available to a Debtor, or a discharge of all or any part of the Collateral granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Secured Parties shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy. Debtor expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Secured Parties hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Secured Parties, then, in any such event, Debtor's obligations hereunder shall survive cancellation of this Agreement, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. Debtor waives all right to require the Secured Parties to proceed against any other person or entity or to apply any Collateral which the Secured Parties may hold at any time, or to marshal assets, or to pursue any other remedy. Debtor waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

Section 14 Term of Agreement.

This Agreement and the Collateral shall terminate on the date on which all payments under the Notes have been indefeasibly paid in full and all other Obligations under the Purchase Agreement have been paid or discharged; provided, however, that all indemnities of the Debtor contained in this Agreement shall survive and remain operative and in full force and effect regardless of the termination of this Agreement.

Section 15 Power of Attorney; Further Assurances.

(a) Debtor authorizes the Collateral Agent, and does hereby make, constitute and appoint the Collateral Agent and its officers, Collateral Agents, successors or assigns with full power of substitution, as Debtor's true and lawful attorney-in-fact, with power, in the name of the Collateral Agent or Debtor, to, after the occurrence and during the continuance of an Event of Default: (i) endorse any note, checks, drafts, money orders or other instruments of payment (including payments payable under or in respect of any policy of insurance) in respect of the Collateral that may come into possession of the Collateral Agent; (ii) to sign and endorse any financing statement pursuant to the UCC or any invoice, freight or express bill, bill of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts, and other documents relating to the Collateral; (iii) to pay or discharge taxes, liens, security interests or other encumbrances at any time levied or placed on or threatened against the Collateral; (iv) to demand, collect, receipt for, compromise, settle and sue for monies due in respect of the Collateral; (v) to transfer any Intellectual Property or provide licenses respecting any Intellectual Property; and (vi) generally, at the option of the Collateral Agent, and at the expense of the Debtor, at any time, or from time to time, to execute and deliver any and all documents and instruments and to do all acts and things which the Collateral Agent deems necessary to protect, preserve and realize upon the Collateral and the Collateral granted therein in order to effect the intent of this Agreement and the Notes all as fully and effectually as the Debtor might or could do; and Debtor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding. The designation set forth herein shall be deemed to amend and supersede any inconsistent provision in the Organizational Documents or other documents or agreements to which any Debtor is subject or to which any Debtor is a party. Without limiting the generality of the foregoing, after the occurrence and during the continuance of an Event of Default, each Secured Party is specifically authorized to execute and file any applications for or instruments of transfer and assignment of any patents, trademarks, copyrights or other Intellectual Property with the United States Patent and Trademark Office and the United States Copyright Office.

(b) On a continuing basis, Debtor will make, execute, acknowledge, deliver, file and record, as the case may be, with the proper filing and recording agencies in any jurisdiction, including, without limitation, the jurisdictions indicated on Schedule C attached hereto, all such instruments, and take all such action as may reasonably be deemed necessary or advisable, or as reasonably requested by the Collateral Agent, to perfect the Collateral granted hereunder and otherwise to carry out the intent and purposes of this Agreement, or for assuring and confirming to the Collateral Agent the grant or perfection of a perfected security interest in all the Collateral under the UCC.

(c) Debtor hereby irrevocably appoints the Collateral Agent as Debtor's attorney-in-fact, with full authority in the place and instead of Debtor and in the name of Debtor, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including the filing, in its sole discretion, of one or more financing or continuation statements and amendments thereto, relative to any of the Collateral without the signature of Debtor where permitted by law, which financing statements may (but need not) describe the Collateral as 'all assets', 'all assets now owned or hereafter acquired' or 'all personal property' or words of like import, and ratifies all such actions taken by the Collateral Agent. Debtor hereby also authorizes the Collateral Agent, at any time and from time to time, to file continuation statements with respect to previously filed financing statements.

(d) This power of attorney is coupled with an interest and shall be irrevocable for the term of this Agreement and thereafter as long as any of the Obligations shall be outstanding.

Section 16 Notices.

All notices, requests, demands and other communications hereunder shall be subject to the notice provision of the Purchase Agreement.

Section 17 Power of Attorney; Further Assurances.

To the extent that the Obligations are now or hereafter secured by property other than the Collateral or by the guarantee, endorsement or property of any other Person, firm, corporation or other entity, then the Collateral Agent shall have the right, in its sole discretion, to pursue, relinquish, subordinate, modify or take any other action with respect thereto, without in any way modifying or affecting any of the Secured Parties' rights and remedies hereunder.

Section 18 Appointment of Collateral Agent.

The Secured Parties may appoint a person or entity to act on their behalf with respect to the Collateral pledged hereby ("**Collateral** Agent") and any action to be taken hereunder by the Secured Parties may be taken by the Collateral Agent on their behalf and in their place and stead without further action on the part of the Secured Parties. The initial Collateral Agent shall be the Lead Investor. The name and contact information of the Collateral Agent and any replacement Collateral Agent shall be provided in writing to the Debtor at any time or from time to time and shall be binding upon the parties hereto without more. Any reference herein to the Collateral Agent or to the Secured Parties may apply to either or both as the context may require. The fees and reasonable expenses of the Collateral Agent shall be the obligation of the Debtor which hereby agrees to pay such fees and expenses upon demand. Any such appointment shall continue until revoked in writing by a majority of the then outstanding principal balance in interest of the Notes ("**Majority in Interest**"), at which time a Majority in Interest shall appoint a new Collateral Agent. The Collateral Agent, if any, shall have the rights, responsibilities and immunities set forth in Schedule B hereto.

Section 19 Miscellaneous.

(a) No course of dealing between the Debtor and the Secured Parties or the Collateral Agent, nor any failure to exercise, nor any delay in exercising, on the part of the Secured Parties or the Collateral Agent, any right, power or privilege hereunder or under the Purchase Agreement or the Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

(b) All of the rights and remedies of the Secured Parties with respect to the Collateral, whether established hereby or by the Notes or by any other agreements, instruments or documents or by law shall be cumulative and may be exercised singly or concurrently.

(c) This Agreement, the Purchase Agreement and the Notes, together with the exhibits and schedules hereto and thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into this Agreement and the exhibits and schedules hereto. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Debtor and the Secured Parties holding 67% or more of the principal amount of Notes then outstanding, or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought.

(d) If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(e) No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

(f) This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Secured Party (other than by merger). Any Secured Party may assign any or all of its rights under this Agreement to any Person (as defined in the Purchase Agreement) to whom such Secured Party assigns or transfers any Obligations, provided such transferee agrees in writing to be bound, with respect to the transferred Obligations, by the provisions of this Agreement that apply to the "Secured Parties."

(g) Each party shall take such further action and execute and deliver such further documents as may be necessary or appropriate in order to carry out the provisions and purposes of this Agreement.

(h) Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, all questions concerning the construction, validity, enforcement, and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Arizona, without regard to the principles of conflicts of law thereof. Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, Debtor agrees that all proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement, the Purchase Agreement and the Notes (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or Collateral Agents) shall be commenced exclusively in the state and federal courts sitting in the County of New York, New York ("**New York Courts**"). Except to the extent mandatorily governed by the jurisdiction or situs where the Collateral is located, Debtor hereby irrevocably submits to the jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such proceeding is improper. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

(i) This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile or electronic transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) Debtor shall indemnify, reimburse and hold harmless the Collateral Agent and the Secured Parties and their respective partners, members, shareholders, officers, directors, employees and agents, including Reverse Securities LLC, the Company's placement agent for the Notes (and any other persons with other titles that have similar functions) (collectively, "**Indemnitees**") from and against any and all losses, claims, liabilities, damages, penalties, suits, costs and expenses, of any kind or nature, (including fees relating to the cost of investigating and defending any of the foregoing) imposed on, incurred by or asserted against such Indemnitee in any way related to or arising from or alleged to arise from the Purchase Agreement, the Notes, this Agreement or the Collateral, except any such losses, claims, liabilities, damages, penalties, suits, costs and expenses which result from the gross negligence or willful misconduct of the Indemnitee as determined by a final, non-appealable decision of a court of competent jurisdiction. This indemnification provision is in addition to, and not in limitation of, any other indemnification provision in the Notes, the Purchase Agreement or any other agreement, instrument or other document executed or delivered in connection herewith or therewith.

(k) Nothing in this Agreement shall be construed to subject Collateral Agent or any Secured Party to liability as a fiduciary, joint-venturer, agent or partner in any Debtor or any if its direct or indirect subsidiaries that is a partnership or as a member or manager in any Debtor or any of its direct or indirect subsidiaries that is a limited liability company, nor shall Collateral Agent or any Secured Party be deemed to have assumed any obligations under any partnership agreement or limited liability company agreement, as applicable, of any Debtor or any of its direct or indirect subsidiaries or otherwise, unless and until any such Secured Party exercises its right to be substituted for Debtor as a partner or member, as applicable, pursuant hereto.

(l) To the extent that the grant of the security interest in the Collateral and the enforcement of the terms hereof require the consent, approval or action of any partner or member, as applicable, of any Debtor or any direct or indirect subsidiary of any Debtor or compliance with any provisions of any of the Organizational Documents, the Debtor hereby grants such consent and approval and waives any such noncompliance with the terms of said documents.

(m) Debtor further agrees that, if any payment made by the Company or other Person and applied to the Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or the proceeds of Collateral are required to be returned by any Secured Party to the Company, its estate, trustee, receiver or any other Person, including any Debtor, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, any lien or other Collateral securing such liability shall be and remain in full force and effect, as fully as if such payment had never been made or, if prior thereto the lien granted hereby or other Collateral securing such liability hereunder shall have been released or terminated by virtue of such cancellation or surrender, such lien or other Collateral shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect any lien or other Collateral securing the obligations of any debtor in respect of the amount of such payment.

****

(*Signature Page Follows*)

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed on the day and year first above written.

NEURAXIS, INC.

By: _____
Name: Brian Carrico
Title: Chief Executive Officer

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

SIGNATURE PAGE OF HOLDERS OF

10% ORIGINAL ISSUE DISCOUNT SENIOR SECURED CONVERTIBLE NOTES

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

APPENDIX E

FORM OF REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of February ___, 2023 (this "**Agreement**"), is by and among Neuraxis, Inc., a Delaware corporation ("**Company**"), and each of the investors listed on the signature pages hereto under the caption "**Investors**" (collectively, "**Investors**"). Except as otherwise specified herein or in the Purchase Agreement (defined below), all capitalized terms used in this Agreement are defined in Exhibit B attached hereto.

RECITALS:

A. The Company and the Investors are parties to that Securities Purchase Agreement dated as of February ___, 2023 ("**Purchase Agreement**") pursuant to which the Investors have loaned funds to the Company in exchange for the Company's senior secured convertible notes reflecting a 10% original issue discount in the aggregate original principal amount of up to $6,666,666.67 (collectively, the "**Notes**") and Warrants (as such terms are defined in the Purchase Agreement).

B. As an inducement for the Investors to purchase the Notes and Warrants, the Company has agreed to register the Registrable Securities (as defined below) pursuant to the terms of this Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

Section 1 Piggyback Registrations.

(a) Right to Piggyback.

(i) Whenever the Company is required or proposes to register any of its equity securities under the Securities Act (including primary and secondary registrations, and other than pursuant to an Excluded Registration) ("**Piggyback Registration**"), the Company will give at least fifteen (15) days prior written notice to all Holders of its intention to effect such Piggyback Registration and, subject to the terms of Section 1(b), will include in such Piggyback Registration (and in all related registrations or qualifications under blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after delivery of the Company's notice. Such written requests for inclusion will inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder will nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. Any Participating Investors may withdraw its request for inclusion at any time prior to executing the underwriting agreement, or if none, prior to the applicable registration statement becoming effective.

(ii) If a registration statement under which the Company gives notice under this section 1 is for an underwritten offering, then the Company will so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this section 1 will be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting will enter into an underwriting agreement in customary form with the managing underwriter or underwriter(s) selected for such underwriting. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least five (5) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting will be excluded and withdrawn from the registration but are eligible for a future registration. For any Holder which is a partnership or corporation, the partners, retired partners and shareholders of such Holder, or the estates and Family Group of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons will be deemed to be a single 'Holder,' and any pro rata reduction with respect to such 'Holder' will be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such 'Holder,' as defined in this sentence.

(b) Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their good faith opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company will include in such registration: (i) first, the securities the Company proposes to sell; (ii) second, any Registrable Securities requested to be included in such registration by any Investor which, in the opinion of the underwriters, can be sold without any such adverse effect, *pro rata* among such Investors on the basis of the number of Registrable Securities owned by each such Investor; and (iii) third, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(c) Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's equity securities and the managing underwriters advise the Company in writing that in their good faith opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company will include in such registration: (i) first, the Registrable Securities requested to be included in such registration, *pro rata* among the Participating Investors holding such Registrable Securities on the basis of the number of Registrable Securities owned by each such Participating Investors which, in the opinion of the underwriters, can be sold without any such adverse effect; and (ii) second, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(d) Right to Terminate Registration. The Company will have the right to terminate or withdraw any registration initiated by it under this section 1, whether or not any holder of Registrable Securities has elected to include securities in such registration. The Company shall give prompt written notice of such termination to all Participating Investors.

(e) Selection of Underwriters. If any Piggyback Registration is an underwritten offering, the legal counsel for the Company, the investment banker(s) and manager(s) for the offering shall be selected by the Company.

Section 2 Stockholder Lock-Up Agreements.

In connection with any underwritten Public Offering, each Holder will enter into any customary lock-up, holdback or similar agreements requested by the underwriter(s) managing such offering, in each case with such modifications and exceptions as may be approved by the Investors. Without limiting the generality of the foregoing, each Holder hereby agrees that in connection with any Piggyback Registration that is an underwritten Public Offering, not to: (i) offer, sell, contract to sell, pledge or otherwise dispose of (including sales pursuant to Rule 144), directly or indirectly, any equity securities of the Company (including equity securities of the Company that may be deemed to be beneficially owned by such Holder in accordance with the rules and regulations of the SEC) (collectively, "**Securities**"), or any securities, options or rights convertible into or exchangeable or exercisable for Securities (collectively, "**Other Securities**"); (ii) enter into a transaction which would have the same effect as described in clause (i) above; (iii) enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences or ownership of any Securities or Other Securities, whether such transaction is to be settled by delivery of such Securities or Other Securities, in cash or otherwise (each of (i), (ii) and (iii) above, a "**Sale Transaction**"); or (iv) publicly disclose the intention to enter into any Sale Transaction, commencing on the date on which the Company gives notice to the Holders that a preliminary prospectus has been circulated for such underwritten Public Offering or the 'pricing' of such offering and continuing to the date that is 180 days following the date of the final prospectus in the case of any other such underwritten Public Offering (such period, or such shorter period as agreed to by the managing underwriters, a "**Holdback Period**"); provided, however, that all executive officers and directors of the Company then holding Common Stock of the Company shall enter into similar agreements. The Company may impose stop-transfer instructions with respect to any Securities or Other Securities subject to the restrictions set forth in this section 2 until the end of such Holdback Period.

Section 3 Registration Procedures.

(a) Company Obligations. If and whenever the Company causes the registration of any of its equity securities under the Securities Act (including primary and secondary registrations, and other than pursuant to an Excluded Registration) as provided in this Agreement, the Company will use its best efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(i) prepare and file with (or submit confidentially to) the SEC a registration statement, and all amendments and supplements thereto and related prospectuses, with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, all in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder (provided that before filing or confidentially submitting a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to the counsel selected by the Investors covered by such registration statement copies of all such documents proposed to be filed or submitted, which documents will be subject to the review and comment of such counsel);

(ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period ending when all of the securities covered by such registration statement have been disposed of in accordance with the intended methods of distribution by the sellers thereof set forth in such registration statement (but not in any event before the expiration of any longer period required under the Securities Act or, if such registration statement relates to an underwritten Public Offering, such longer period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with the sale of Registrable Securities by an underwriter or dealer) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(iii) furnish, without charge, to each seller of Registrable Securities thereunder and each underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) (in each case including all exhibits and documents incorporated by reference therein), each amendment and supplement thereto, each Free Writing Prospectus and such other documents as such seller or underwriter, if any, may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable laws of each such registration statement, each such amendment and supplement thereto, and each such prospectus (or preliminary prospectus or supplement thereto) or Free Writing Prospectus by each such seller of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(iv) use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller (provided that the Company will not be required to: (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph; (B) consent to general service of process in any such jurisdiction; or (C) subject itself to taxation in any such jurisdiction);

(v) notify in writing each seller of such Registrable Securities: (A) promptly after it receives notice thereof, of the date and time when such registration statement and each post-effective amendment thereto has become effective or a prospectus or supplement to any prospectus relating to a registration statement has been filed and when any registration or qualification has become effective under a state securities or blue sky law or any exemption thereunder has been obtained; (B) promptly after receipt thereof, of any request by the SEC for the amendment or supplementing of such registration statement or prospectus or for additional information; and (C) at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event or of any information or circumstances as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, if required by applicable law or to the extent requested by the Investors, the Company will use its best efforts to promptly prepare and file a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading; and (D) if at any time the representations and warranties of the Company in any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct;

(vi) use its best efforts to provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(vii) enter into and perform such customary agreements (including, as applicable, underwriting agreements in customary form) and take all such other actions as the Investors or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, making available the executive officers of the Company and participating in ‘road shows’, investor presentations, marketing events and other selling efforts and effecting a stock or unit split or combination, recapitalization or reorganization);

(viii) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition or sale pursuant to such registration statement and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate and business documents and properties of the Company as will be necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, employees, agents, representatives and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement and the disposition of such Registrable Securities pursuant thereto;

(ix) take all actions to ensure that any prospectus utilized in connection with any Piggyback Registration hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, prospectus supplement and related documents, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(x) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months beginning with the first day of the Company's first full calendar quarter after the effective date of the registration statement, which earnings statement will satisfy the provisions of section 11(a) of the Securities Act and Rule 158 thereunder;

(xi) use its reasonable best efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities;

(xii) if requested by any managing underwriter, include in any prospectus or prospectus supplement updated financial or business information for the Company's most recent period or current quarterly period (including estimated results or ranges of results) if required for purposes of marketing the offering in the view of the managing underwriter;

(xiii) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will take such action as is necessary to make any such prohibition inapplicable;

(xiv) use its best efforts to provide: (A) a legal opinion of the Company's outside counsel, dated the effective date of such registration statement addressed to the Company; and (B) on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a Piggy-Back Registration, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the closing date of the applicable sale, (1) one or more legal opinions of the Company's outside counsel, dated such date, in form and substance as customarily given to underwriters in an underwritten public offering or, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities, and (2) one or more 'negative assurances letters' of the Company's outside counsel, dated such date, in form and substance as is customarily given to underwriters in an underwritten public offering or, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities, in each case, addressed to the underwriters, if any, or, if requested, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities, (3) a 'comfort' letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, or, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities, in each case, addressed to the underwriters, if any, or, if requested, in the case of a non-underwritten offering, to the broker, placement agent or other agent of the Holders assisting in the sale of the Registrable Securities and to the Holders, and (4) customary certificates executed by authorized officers of the Company as may be requested by any Holder or any underwriter of such Registrable Securities;

(b) Additional Information. The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request in writing, as a condition to such seller's participation in such registration.

(c) Other. To the extent that any of the Investors are or may be deemed to be an 'underwriter' of Registrable Securities pursuant to any SEC comments or policies, the Company agrees that: (i) the indemnification and contribution provisions contained in section 5 shall be applicable to the benefit of such Investors in their role as an underwriter or deemed underwriter in addition to their capacity as a Holder, and (ii) such Investors shall be entitled to conduct the due diligence which they would normally conduct in connection with an offering of securities registered under the Securities Act, including without limitation receipt of customary opinions and comfort letters addressed to such Investors.

Section 4 Registration Expenses.

Except as expressly provided herein, all out-of-pocket expenses incurred by the Company or any Investors in connection with the performance of or compliance with this Agreement and/or in connection with any Piggyback Registration, whether or not the same shall become effective, shall be paid by the Company, including, without limitation: (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC or FINRA; (ii) all fees and expenses in connection with compliance with any securities or 'blue sky' laws; (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company or other depositary and of printing prospectuses and Company Free Writing Prospectuses); (iv) all fees and disbursements of all independent certified public accountants of the Company (including the expenses of any special audit and cold comfort letters required by or incident to such performance); (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice; (vi) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which similar securities of the Company are then listed (or on which exchange the Registrable Securities are proposed to be listed); (vii) all applicable rating agency fees with respect to the Registrable Securities; (viii) all fees and disbursements of legal counsel for the Company; (ix) any fees and disbursements of underwriters customarily paid by issuers or sellers of securities; (x) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration; (xi) all of the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties); and (xii) all expenses related to the 'road-show' for any underwritten offering, including all travel, meals and lodging. All such expenses are referred to herein as "**Registration Expenses**." The Company shall not be required to pay, and each Person that sells securities pursuant to a Piggyback Registration hereunder will bear and pay, all underwriting discounts and commissions applicable to the Registrable Securities sold for such Person's account and all transfer taxes (if any) attributable to the sale of Registrable Securities.

Section 5 Indemnification and Contribution.

(a) By the Company. The Company will indemnify and hold harmless, to the fullest extent permitted by law and without limitation as to time, each Holder, such Holder's affiliates and their respective officers, directors employees, agents, fiduciaries, stockholders, managers, partners, members, affiliates, direct and indirect equity holders, consultants and representatives, and any successors and assigns thereof, and each Person who controls such Holder (within the meaning of the Securities Act or the Exchange Act) ("**Indemnified Parties**") against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable attorney fees and expenses) (collectively, "**Losses**") caused by, resulting from, arising out of, based upon or related to any of the following (each, a "**Violation**") by the Company: (i) any untrue or alleged untrue statement of material fact contained in: (A) any registration statement, prospectus, preliminary prospectus or Free-Writing Prospectus, or any amendment thereof or supplement thereto, or (B) any application or other document or communication (in this section 5, collectively called an "**application**") executed by or on behalf of the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify any securities covered by such registration under the "**blue sky**" or securities laws thereof; (ii) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the Company of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance. In addition, the Company will reimburse such Indemnified Party for any legal or any other expenses reasonably incurred by them in connection with investigating, defending or settling any such Losses. Notwithstanding the foregoing, the Company will not be liable in any such case to the extent that any such Losses result from, arise out of, are based upon, or relate to an untrue statement, or omission, made in such registration statement, any such prospectus, preliminary prospectus or any amendment or supplement thereto, or in any application, in reliance upon, and in conformity with, written information prepared and furnished in writing to the Company by such Indemnified Party expressly for use therein or by such Indemnified Party's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished such Indemnified Party with a sufficient number of copies of the same. In connection with an underwritten offering, the Company will indemnify such underwriters, their officers and directors, and each Person who controls such underwriters (within the meaning of the Securities Act or the Exchange Act) to the same extent as provided above with respect to the indemnification of the Indemnified Parties or as otherwise agreed to in the underwriting agreement executed in connection with such underwritten offering. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of such securities by such seller.

(b) By Holders. In connection with any registration statement in which a Holder is participating, each such Holder will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the extent permitted by law, will indemnify the Company, its officers, directors, employees, agents and representatives, and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) against any Losses resulting from (as determined by a final and non-appealable judgment, order or decree of a court of competent jurisdiction) any untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such Holder expressly for use therein; provided that the obligation to indemnify will be individual, not joint and several, and *pro-rata* based on the number of Registrable Shares included in such registration statement for each Holder and will be limited to the net amount of proceeds received by such Holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Claim Procedure. Any Person entitled to indemnification hereunder will: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice will impair any Person's right to indemnification hereunder only to the extent such failure has prejudiced the indemnifying party); and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld, conditioned or delayed). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim or the indemnifying party. In such instance, the conflicted indemnified parties will have a right to retain one separate counsel, chosen by the majority of the conflicted indemnified parties involved in the indemnification and approved by the Investors, at the expense of the indemnifying party.

(d) Contribution. If the indemnification provided for in this section 5 is held by a court of competent jurisdiction to be unavailable to, or is insufficient to hold harmless, an indemnified party or is otherwise unenforceable with respect to any Loss referred to herein, then such indemnifying party will contribute to the amounts paid or payable by such indemnified party as a result of such Loss: (i) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such Loss as well as any other relevant equitable considerations; or (ii) if the allocation provided by clause (i) of this Section 5(d) is not permitted by applicable law, then in such proportion as is appropriate to reflect not only such relative fault but also the relative benefit of the Company on the one hand and of the sellers of Registrable Securities and any other sellers participating in the registration statement on the other in connection with the statement or omissions which resulted in such Losses, as well as any other relevant equitable considerations; provided that the maximum amount of liability in respect of such contribution will be individual, not joint and several, and *pro-rata* based on the number of Registrable Securities included in such registration statement for each Holder and shall be limited, in the case of each seller of Registrable Securities, to an amount equal to the net proceeds actually received by such seller from the sale of Registrable Securities effected pursuant to such registration. The relative fault of the indemnifying party and of the indemnified party will be determined by reference to, among other things, whether the untrue (or, as applicable alleged) untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if the contribution pursuant to this Section 5(d) were to be determined by *pro rata* allocation or by any other method of allocation that does not take into account such equitable considerations. The amount paid or payable by an indemnified party as a result of the Losses referred to herein will be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim which is the subject hereof. No person guilty of fraudulent misrepresentation (within the meaning of section 11(f) of the Securities Act) will be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) Release. No indemnifying party will, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a full and unconditional release from all liability in respect to such claim or litigation.

(f) Non-exclusive Remedy; Survival. The indemnification and contribution provided for under this Agreement will be in addition to any other rights to indemnification or contribution that any indemnified party may have pursuant to law or contract (and the Company and its Subsidiaries shall be considered the indemnitors of first resort in all such circumstances to which this section 5 applies) and will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive the transfer of Registrable Securities and the termination or expiration of this Agreement.

Section 6 Cooperation with Underwritten Offerings.

No Person may participate in any underwritten registration hereunder unless such Person: (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements (including, without limitation, pursuant to the terms of any over-allotment or 'green shoe' option requested by the underwriters; provided that no Holder will be required to sell more than the number of Registrable Securities such Holder has requested to include in such registration); and (ii) completes, executes and delivers all questionnaires, powers of attorney, stock powers, custody agreements, indemnities, underwriting agreements and other documents and agreements required under the terms of such underwriting arrangements or as may be reasonably requested by the Company and the lead managing underwriter(s). To the extent that any such agreement is entered into pursuant to, and consistent with, section 2, section 3 and/or this section 6, the respective rights and obligations created under such agreement will supersede the respective rights and obligations of the Holders, the Company and the underwriters created thereby with respect to such registration.

Section 7 Joinder.

The Investors or the Company may from time to time permit any Person who acquires Common Stock (or rights to acquire Common Stock) to become a party to this Agreement and to be entitled to and be bound by all of the rights and obligations as a Holder by obtaining a Joinder. Upon the execution and delivery of an executed joinder to this Agreement from such Person in the form of Exhibit A attached hereto ("**Joinder**") by such Person, the Common Stock held by such Person shall be considered to have Registrable Securities, and such Person shall be deemed the category of Holder (i.e. Investors), in each case as set forth on the signature page to such Joinder. For the avoidance of doubt, no Person shall be considered a Holder hereunder without execution of a Joinder and no assignment shall otherwise be permitted.

Section 8 General Provisions.

(a) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may be amended, modified or waived only with the prior written consent of the Company and the Investors holding shares of Registrable Securities representing a majority of all Registrable Securities; provided that no such amendment, modification or waiver that would treat a specific Holder or group of Holders of Registrable Securities (i.e., Other Investors) in a manner materially and adversely different than any other Holder or group of Holders will be effective against such Holder or group of Holders without the consent of the holders of a majority of the Registrable Securities that are held by the group of Holders that is materially and adversely affected thereby. The failure or delay of any Person to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such Person thereafter to enforce each and every provision of this Agreement in accordance with its terms. A waiver or consent to or of any breach or default by any Person in the performance by that Person of his, her or its obligations under this Agreement will not be deemed to be a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person under this Agreement.

(b) Remedies. The parties to this Agreement will be entitled to enforce their rights under this Agreement specifically (without posting a bond or other security), to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that a breach of this Agreement would cause irreparable harm and money damages would not be an adequate remedy for any such breach and that, in addition to any other rights and remedies existing hereunder, any party will be entitled to seek specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

(c) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited, invalid, illegal or unenforceable in any respect under any applicable law or regulation in any jurisdiction, such prohibition, invalidity, illegality or unenforceability will not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or in any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such prohibited, invalid, illegal or unenforceable provision had never been contained herein.

(d) Entire Agreement. Except as otherwise provided herein, this Agreement contains the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way.

(e) Successors and Assigns. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit and be enforceable by the Company and its successors and permitted assigns and the Holders (including, specifically, the Investors) and their respective successors and permitted assigns (whether so expressed or not).

(f) Notices. Any notice, demand or other communication to be given under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given: (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; but if not, then on the next Business Day, (iii) one Business Day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) four Business Days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications will be sent to the Company at the address specified on the signature page hereto or any Joinder and to any Holder, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change such party's address for receipt of notice by giving prior written notice of the change to the sending party as provided herein. The Company's address is:

Neuraxis, Inc.
829 S Adams St.
Versailles, IN 47042
Attention: Brian Carrico, CEO

(g) Business Days. If any time period for giving notice or taking action hereunder expires on a day that is not a Business Day, the time period will automatically be extended to the Business Day immediately following such Saturday, Sunday or legal holiday.

(h) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(i) No Recourse. Notwithstanding anything to the contrary in this Agreement, the Company and each Holder agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement, will be had against any current or future director, officer, employee, general or limited partner or member of any Holder or any Affiliate or assignee thereof, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever will attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any Holder or any current or future member of any Holder or any current or future director, officer, employee, partner or member of any Holder or of any Affiliate or assignee thereof, as such for any obligation of any Holder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

(j) Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the word 'including' in this Agreement will be by way of example rather than by limitation.

(k) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party.

(l) Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together will constitute one and the same agreement.

(m) Electronic Delivery. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent executed and delivered by means of a photographic, photostatic, facsimile or similar reproduction of such signed writing using a facsimile machine or electronic mail will be treated in all manner and respects as an original agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument will raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

(n) Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Holder agrees to execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and the transactions contemplated hereby.

(o) Dividends, Recapitalizations, Etc. If at any time or from time to time there is any change in the capital structure of the Company by way of a stock split, stock dividend, combination or reclassification, or through a merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment will be made in the provisions hereof so that the rights and privileges granted hereby will continue.

(p) No Third-Party Beneficiaries. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any Person not a party hereto, and no such other Person shall have any right or cause of action hereunder, except as otherwise expressly provided herein.

(q) Current Public Information. At all times after the Company has filed a registration statement with the SEC pursuant to the requirements of either the Securities Act or the Exchange Act, the Company will file all reports required to be filed by it under the Securities Act and the Exchange Act and will take such further action as the Investors may reasonably request, all to the extent required to enable such Holders to sell Registrable Securities pursuant to Rule 144.

(r) Costs and Attorneys' Fees. In the event any action, suit or other proceeding is instituted concerning or arising out of this Agreement or any transaction contemplated hereunder, the prevailing party will recover all of such party's costs and attorneys' fees incurred in each such action, suit or other proceeding, including any and all appeals or petitions therefrom.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

NEURAXIS, INC.

By: _____
Name: Brian Carrico
Title: Chief Executive Officer

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS]

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

[SIGNATURE PAGES CONTINUE]

EXHIBIT B

DEFINITIONS

Capitalized terms used in this Agreement have the meanings set forth below.

"Affiliate" of any Person means any other Person controlled by, controlling or under common control with such Person and, in the case of an individual, also includes any member of such individual's Family Group. As used in this definition, 'control' (including, with its correlative meanings, 'controlling', 'controlled by' and 'under common control with') will mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities, by contract or otherwise).

"Agreement" has the meaning set forth in the first paragraph of this document on page 1.

"Business Day" means a day that is not a Saturday or Sunday or a day on which banks in New York City are authorized or requested by law to close.

"Common Stock" means the Company's common stock, without par value.

"Company" has the meaning set forth in the first paragraph of this Agreement and shall include its successor(s).

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

"Excluded Registration" means any registration of equity securities of the Company solely for a Company sponsored employee benefit plan.

"Family Group" means with respect to any individual, such individual's current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) and the spouses of such descendants, any trust, limited partnership, corporation or limited liability company established solely for the benefit of such individual or such individual's current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) or the spouses of such descendants.

"FINRA" means the Financial Industry Regulatory Authority.

"Free Writing Prospectus" means a free-writing prospectus, as defined in Rule 405.

"Holdback Period" has the meaning set forth in section 2.

"Holder" means a holder of Registrable Securities who is a party to this Agreement (including by way of Joinder).

"Indemnified Parties" has the meaning set forth in Section 5(a).

"Investors" has the meaning set forth in the first paragraph of this Agreement. recitals. Any decision to be made under this Agreement by the Investors shall be made by the Investors holding a majority of the Registrable Securities held by the Investors.

"Joinder" has the meaning set forth in section 7.

"Losses" has the meaning set forth in Section 5(c).

"Other Investors" has the meaning set forth in section 8(a).

"Participating Investors" means any Investors participating in the request for a Piggyback Registration.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Piggyback Registrations" has the meaning set forth in Section 1(a).

"Public Offering" means any sale or distribution by the Company, one of its Subsidiaries and/or Holders to the public of Common Stock or other securities convertible into or exchangeable for Common Stock pursuant to an offering registered under the Securities Act.

"Registrable Securities" means, as of any date of determination, (a) all Conversion Shares (assuming on such date the Notes are converted in full without regard to any exercise limitations therein), (b) all Warrant Shares (assuming on such date the Warrants and any Default Contingency Warrants are exercised in full without regard to any exercise limitations therein), (c) any additional shares of Common Stock issued and issuable in connection with any anti-dilution provisions in the Notes or Warrants (if any) (assuming on such date that the Notes and Warrants are converted or exercised in full without regard to any exercise limitations therein), and (d) any securities issued or then issuable upon any share split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; *provided, however,* that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) for so long as: (i) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the Commission under the Securities Act and such Registrable Securities have been disposed of by the Holder in accordance with such effective Registration Statement, (ii) such Registrable Securities have been previously sold in accordance with Rule 144, or (iii) such securities become eligible for resale without volume or manner-of-sale restrictions and without current public information pursuant to Rule 144 as set forth in a written opinion letter to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities and any securities issuable upon exercise, conversion or exchange of which, or as a dividend upon which, such securities were issued or are issuable, were at no time held by any Affiliate of the Company, as reasonably determined by the Company, upon the advice of counsel to the Company.

"Registration Expenses" has the meaning set forth in section 4.

"Rule 144", "Rule 158", and "Rule 405", mean, in each case, such rule promulgated under the Securities Act (or any successor provision) by the SEC, as the same will be amended from time to time, or any successor rule then in force.

"Sale Transaction" has the meaning set forth in section 2.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

"Subsidiary" means, with respect to the Company, any corporation, limited liability company, partnership, association or other business entity of which: (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the limited liability company, partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more Subsidiaries of the Company or a combination thereof. For purposes hereof, a Person or Persons will be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons will be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or will be or control the managing director or general partner of such limited liability company, partnership, association or other business entity.

"Violation" has the meaning set forth in Section 5(a).

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion in this Registration Statement of Neuraxis, Inc. on Form S-1/A of our report dated June 1, 2023, with respect to our audits of the financial statements of Neuraxis, Inc. as of December 31, 2022 and 2021 and for each of the two years in the period ended December 31, 2022, which report appears in the Prospectus, which is part of this Registration Statement. Our report includes an explanatory paragraph as to Neuraxis, Inc.'s ability to continue as a going concern.

We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Rosenberg Rich Baker Berman, P.A.
Somerset, New Jersey
June 1, 2023

Exhibit 99.4

NEURAXIS, INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. Audit Committee Purpose

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Neuraxis, Inc. (the "**Company**") is to oversee the processes of accounting and financial reporting of the Company and the audits and financial statements of the Company. The Committee's primary duties and responsibilities are to:

A. Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and legal compliance.

B. Monitor the independence and performance of the Company's independent auditors and the Company's accounting personnel.

C. Provide an avenue of communication among the independent auditors, management, the Company's accounting personnel, and the Board.

D. Appoint and provide oversight for the independent auditors engaged to perform the audit of the financial statements.

E. Discuss the scope of the independent auditors' examination.

F. Review the financial statements and the independent auditors' report.

G. Review areas of potential significant financial risk to the Company.

H. Monitor compliance with legal and regulatory requirements.

I. Solicit recommendations from the independent auditors regarding internal controls and other matters.

J. Make recommendations to the Board.

K. Resolve any disagreements between management and the auditors regarding financial reporting.

L. Prepare the report required by Item 407(d) of Regulation S-K, as required by the rules of the Securities and Exchange Commission (the "**SEC**").

M. Perform other related tasks as requested by the Board.

The committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the independent auditors as well as anyone in the organization. The Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

II. Audit Committee Composition and Meetings

A. The Committee shall be compromised of three or more directors as determined by the Board. Each member must be independent of the management of the Company and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a Committee member. Further, each member of the Committee shall meet the independence and experience requirements of the listing rules of any securities exchange or association in which the Company's securities are traded and the rules and regulations of the SEC, including Rule 10A-3. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, professional certification in accounting, or any other comparable experience or background that results in the member's financial sophistication, including being or having been a Chief Executive Officer ("**CEO**") or Chief Financial Officer ("**CFO**") or other senior officer with financial oversight responsibilities.

B. Committee members shall be appointed by the Board after due consideration of recommendations of the Nominating and Corporate Governance Committee, and the Board may designate a Chair of the Committee. If an Audit Committee Chair is not designated or present, the members of the Committee may designate a Chair by majority vote of the Committee membership. The Board may, at any time and at its complete discretion, replace a Committee member.

C. Committee members shall meet (either in person or telephonically) at least four times each fiscal year and more often if the Committee, at its discretion, deems this desirable. The Committee shall meet, at its discretion, with management, the Company's principal accounting officer, the independent auditors, and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

III. Audit Committee Responsibilities and Duties

Review Procedures

A. Review the Company's annual audited financial statements prior to distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments.

B. In consultation with the management, the independent auditors, and the Company's principal accounting officer, consider the integrity of the Company's financial reporting processes and controls, including any major issues as to the adequacy of the Company's internal controls, and any special steps adopted in light of any identified material control deficiencies. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent auditors and the Company's principal accounting officer together with management's responses.

C. The Committee shall review with the management and the independent auditors any correspondence with regulators and any published reports that raise material issues regarding the Company's accounting policies.

Independent Auditors

A. The Committee shall have the sole authority to appoint or replace the independent auditor. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolutions of disagreements between management and the independent auditor regarding final reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee. The Committee shall approve in advance the provision by the independent auditors of all services to the Company whether or not related to the audit. However, neither the Committee nor any person with authority delegated from the Committee may approve an auditor providing the services that are described in Section 10A(g) of the Securities Exchange Act of 1934 (the "**Exchange Act**") as "prohibited activities."

B. The Committee shall obtain, review and discuss reports from the independent auditor regarding (1) all critical accounting policies and practices to be used; (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor and the reasons for favoring that treatment; and (3) other material written communications between the independent auditor and Company management, such as any management letter or schedule of unadjusted differences.

C. The Committee shall assure the regular rotation of the lead audit partner as required by Section 10A(j) of the Exchange Act.

D. The Committee shall assure that hiring policies for employees or former employees of the independent auditor are consistent with Section 10A(l) of the Exchange Act.

E. The Committee shall discuss with the independent auditor and then disclose the matters required to be discussed and disclosed by applicable accounting and auditing guidance, including any difficulties the independent auditor encountered in the course of the audit work, any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management.

F. The Committee shall ascertain annually from the independent auditor whether the Company has issues under Section 10A(b) of the Exchange Act.

G. The Committee shall determine the independence of the auditors and receive from the independent auditors a formal written statement delineating all relationships between the auditor and the company (consistent with PCAOB Independence Standards Board Standard 1 or any other applicable standards), and thereafter actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor.

Accounting Department and Legal Compliance

The Committee shall:

A. Review the personnel activities and qualifications of the Company's accounting personnel, as needed.

B. Review the appointment and performance of the principal accounting officer, and review financial and accounting personnel succession planning with the Company.

C. Review significant reports prepared by the Company's principal accounting officer together with management's response and follow-up to these reports.

D. On at least an annual basis, review with the Company's counsel any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

E. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

F. The Committee shall review the CEO and CFO's disclosure and certifications under Sections 302 and 906 of the Sarbanes-Oxley Act.

G. Conduct an appropriate review of and approve all related party transactions on an ongoing basis and the Committee shall review potential conflict of interest situations where appropriate.

H. Conduct an annual risk review with respect to the matters within the role and the responsibilities of the Committee.

The Committee shall:

(a) Report regularly to the Board on its activities;

(b) Maintain minutes of its meetings and records relating to those meetings and the Committee's activities;

(c) Have authority to obtain, at the expense of the Company, advice and assistance from internal or external legal, consulting or other advisors;

(d) Form and delegate authority to subcommittees of one or more Committee members when desired and appropriate;

(e) Review and reassess the adequacy of this Charter annually and recommend to the Board any proposed changes to this Charter; and

(f) Periodically review the Committee's own performance.

General

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

(a) One of more officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matters presented;

(b) Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; and

(c) Other committees of the Board as to matters within their respective designated authority which the Committee member reasonably believes to merit confidence.

The Committee has the powers and responsibilities delineated in this Charter. It is not, however, the Committee's responsibility to prepare and certify the Company's financial statements, to guarantee the independent auditor's report, or to guarantee other disclosures by the Company. These are fundamental responsibilities of management and the independent auditor. Committee members are not full-time Company employees and are not performing the functions of auditors or accountants.

Exhibit 99.5

NEURAXIS, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

I. Authority and Composition

The Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Neuraxis, Inc. (the "**Company**") is established pursuant to Article III of the Bylaws of the Company. Committee members are appointed annually by the Board on the recommendation of the Nominating and Corporate Governance Committee, and may be replaced by the Board. The Committee must consist of at least two directors, each of whom shall meet the independence requirements of the NASDAQ Corporate Governance Rules (subject to any applicable transition periods or exceptions permitted under NASDAQ requirements) and the standards of independence prescribed by NASDAQ and/or for purposes of any federal securities, tax or other laws relating to the Committee's duties and responsibilities, including Section 162(m) of the Internal Revenue Code. Without limiting the foregoing, to be considered as independent, the Board will consider all relevant factors, including (a) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by, or on behalf of, the Company, and (b) whether the director is affiliated with the Company, any subsidiary of the Company or any affiliate of a subsidiary of the Company.

The Board shall appoint a Chairman of the Committee upon the recommendation of the Nominating and Corporate Governance Committee. The Committee may also appoint a Secretary, who need not be a director.

This Charter may be amended only by the Board.

II. Purposes of the Committee

The primary purposes of the Committee are to: (i) develop recommendations for the Board with respect to the compensation of the Company's Chief Executive Officer (the "**CEO**") and non-employee directors; (ii) discharge the responsibilities of the Board relating to the approval of the compensation of the Company's executive officers, other than the CEO; (iii) make determinations with respect to the compensation programs and policies of the Company; (iv) review and discuss with the Company's management, the Compensation Discussion and Analysis (the "**CD&A**") and other Committee or executive compensation disclosures to be included in the Company's annual proxy statement and/or annual report on Form 10-K, and determine whether to recommend to the Board of Directors that the CD&A be included in the proxy statement and/or annual report on Form 10-K; and (v) provide the Compensation Committee Report for inclusion in the Company's annual proxy statement and/or annual report on Form 10-K that complies with the rules and regulations of the Securities and Exchange Commission (the "**SEC**").

III. Duties and Responsibilities of the Committee

The following activities are set forth as a guide with the understanding that the Committee may diverge from this guide as it considers appropriate, subject to compliance with applicable NASDAQ, securities, tax and other legal and self-regulatory requirements. Although the Board may consider other duties from time to time, the Committee, to the extent it deems necessary or appropriate, will have the following responsibilities:

A. The Committee shall annually review goals and objectives relevant to the CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, determine the CEO's cash and equity-based compensation based on this evaluation, and recommend such goals, objectives and compensation to the Board for its approval. In determining any incentive component of the CEO's compensation, the Committee will consider appropriate factors, which may include the Company's performance and relative shareholder return, the achievement of the CEO's performance milestones, the value of similar incentive grants or awards to chief executive officers at comparable companies, and the grants or awards given to the CEO in past years. The CEO may not be present for such discussions and determinations.

B. The Committee shall annually review and approve the compensation of the Company's "executive officers," (as that term is defined in the regulations promulgated by the SEC and the NASDAQ Rules) other than the CEO. In making such compensation decisions, the Committee will take into account peer group practices and other appropriate factors, such as corporate and individual performance and historical compensation practices for such officers. The Committee will solicit the recommendations of the CEO in connection with the foregoing. The Committee will also provide general oversight of the Company's compensation and benefits plans, policies and programs that pertain to employees other than executive officers.

C. The Committee shall annually review and recommend to the Board for its approval, the fees and equity compensation paid to the Company's non-employee directors, based on appropriate factors as determined by the Committee. Such review and recommendations shall ensure that no agreements or arrangements for providing professional or consulting services to the Company or an affiliate or an individual officer of the Company or one of their affiliates are made with any director, immediate family members of a director or persons (including entities) with an existing business or personal relationship with any director, without a full review and evaluation of potential conflicts of interest.

D. The Committee shall have the sole authority to retain and terminate any compensation consultant to be used by the Committee or the Company to assist in the evaluation of the compensation of non-employee directors, the CEO or the other executive officers, shall have sole authority to approve such compensation consultant's fees and other retention terms, and shall have sole authority to oversee the work of such compensation consultant. In determining whether to engage a compensation consultant, the Committee shall consider the independence factors set forth in the NASDAQ Corporate Governance Rules. Management will advise the Committee of any compensation consultant to be retained with respect to other compensation matters in advance of such retention.

E. The Committee shall periodically review and make recommendations to the Board with respect to incentive-compensation programs and equity-based plans, and shall periodically review and make recommendations to the Board with respect to the adoption of or material changes in material employee benefit, bonus, severance and other compensation plans of the Company. As appropriate in connection with this process, the Committee shall seek appropriate input from internal or external advisors.

F. The Committee shall determine the need for and the appropriateness of employment agreements and change in control agreements for each of the Company's executive officers and any other officers recommended by the CEO or the Board.

G. The Committee shall determine and approve the options and other equity-based compensation to be granted to executive officers, other than the CEO; and shall recommend to the Board for approval options and other equity-based compensation to be granted to the CEO and non-employee directors. The Committee shall, in conjunction with the CEO, determine the issuance of options and other equity-based compensation under the Company's incentive compensation and other stock-based plans to all other officers and employees of the Company. The Committee may delegate the determination with respect to persons other than officers to the CEO but will approve the aggregate amount granted to all employees and all new hire grants. Any equity awards to the CEO shall be determined by the Committee and recommended to the Board for its review and approval.

H. The Committee shall perform such duties and responsibilities as may be assigned to the Committee by the Board and/or under the terms of any compensation plan of the Company.

The Committee shall:

(a) Report regularly to the Board on its activities;

(b) Maintain minutes of its meetings and records relating to those meetings and the Committee's activities;

(c) Have authority to obtain, at the expense of the Company, advice and assistance from internal or external legal, consulting or other advisors;

(d) Form and delegate authority to subcommittees of one or more Committee members when desired and appropriate;

(e) Review and reassess the adequacy of this Charter annually and recommend to the Board any proposed changes to this Charter; and

(f) Periodically review the Committee's own performance.

IV. General

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

(a) One or more officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matters presented;

(b) Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; and

(c) Other committees of the Board as to matters within their respective designated authority which committee the Committee member reasonably believes to merit confidence.

Exhibit 99.6

NEURAXIS, INC.

CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE OF THE BOARD OF DIRECTORS

The purpose of the Nominating and Corporate Governance Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Neuraxis, Inc. (the "**Company**") shall be as set forth in this charter (the "**Charter**"). The Committee has been delegated authority by the Board to: (1) identify qualified individuals to become Board members; (2) determine the composition of the Board and its committees; (3) monitor the self-assessment practices of the Board and its committees; and (4) develop and implement the Company's corporate governance guidelines.

Authority and Responsibilities

In furtherance of these purposes, the Committee has the following authority and responsibilities:

1. To oversee the administration of the Company's Code of Ethics and related policies.
2. To lead the search for individuals qualified to become members of the Board and to select director nominees to be presented for election by the shareholders at each annual meeting. The Committee shall select individuals as director nominees who shall have the highest personal and professional integrity, who have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the shareholders.
3. To ensure, in cooperation with the Compensation Committee, that no agreements or arrangements are made with directors or relatives of directors for providing professional or consulting services to the Company or an affiliate or an individual officer of the Company or one of their affiliated, without appropriate review and evaluation for conflicts of interest.
4. To ensure that Board members do not serve on more than three other for-profit public company boards that have a class of securities registered under the Securities Exchange Act of 1934 in addition to the Company's board. Newly appointed or elected directors shall have a grace period of nine (9) months to gain compliance with this condition.
5. To review the Board's committee structure and to recommend to the Board for its approval, directors to serve as members of each committee as well as recommendations for committee chairs. The Committee shall review and recommend committee positions, including chairs of such committees, annually and shall recommend additional committee members to fill vacancies.
6. To review recommendations received from shareholders for persons to be considered for nomination to the board of directors, and to designate a member of the Committee to receive such communications directly from shareholders, and to publish the name and contact information of such person in the Company's proxy statement for each of its annual meeting of shareholders.

7. To monitor compliance with the Company's corporate governance guidelines. The Committee shall review the guidelines at least annually, and recommend changes as necessary to the Board.
8. To develop and implement an annual self-evaluation of the Board, both individually and as a Board, and of its committees. The Committee shall oversee the annual self-evaluations, with a focus on the effectiveness of the directors, Board, and committees as representative of the shareholders.
9. To review and recommend changes to procedures whereby shareholders may communicate with the Board.
10. To assess the independence of directors annually and report to the Board.
11. To recommend to the Board for its approval, the leadership structure of the Board, including whether the Board should have an executive or non-executive Chair, whether the roles of Chair and CEO should combine, and whether a Lead Director of the Board should be appointed.

Actions and Recommendations

In carrying out its responsibilities under its charter, the Committee is required to:

(a) Establish criteria for selection of potential directors, taking into consideration the following desired attributes: leadership, independence; interpersonal skills; financial acumen; business experiences; industry knowledge; diversity of viewpoints, and any other experiences as the Committee deems important to the effectiveness of the Board. The Committee will periodically assess the criteria to ensure it is consistent with the best practices and the goals of the Company.
(b) Identify individuals who satisfy the criteria for selection to the Board and make recommendations to the Board on new candidates for Board membership.
(c) Receive and evaluate nominations for Board membership which are recommended by existing directors, officers, or shareholders in accordance with procedures established by the Committee in accordance with the Company's corporate governance guidelines and applicable law.
(d) Oversee the process for conducting background checks on new candidates for Board membership, including the process of validating candidate credentials.
(e) Review any potential conflicts of interest for Board members in the event of a particular member's change of employment and recommend to the Board the Committee's belief as to whether that director should continue his or her board service or resign from the Board.
(f) Establish criteria for the evaluation of existing directors and the reelection or removal of directors based on the needs of the Company.
(g) Monitor the requirement that Board members shall not serve on more than three other for-profit public company boards in addition to the Company's Board. Determinations regarding the definition of "for-profit public company board" shall be made by the Committee.

(h) Review the qualifications, performance and independence of existing Board members and make recommendations to the Board whether they should stand for reelection.
(i) Recommend to the Board the removal of a director where appropriate.
(j) Recommend to the Board a slate of nominees for the next annual meeting of shareholders.
(k) Oversee the orientation process for new directors.

Shareholder Recommendations

The Committee will consider all recommendations for nominations to the Board from any person (or group) who has (or collectively if a group have) held more than 3% of the Company's voting securities for longer than one year. Shareholders desiring to submit recommendations to the Committee should submit information regarding such recommendation in writing or by electronic mail to the person designated in the proxy statement circulated in advance of each annual meeting of shareholders. Each proxy statement shall set forth the information to be provided either directly in the proxy statement or by reference to the Company's website. When the required information has been received, the Committee will evaluate the proposed nominee based on the criteria described above, with the principal criteria being the needs of the Company and the qualifications of such proposed nominee to fulfill those needs.

The Committee shall:

(a) Report regularly to the Board on its activities;
(b) Maintain minutes of its meetings and records relating to those meetings and the Committee's activities;
(c) Have authority to obtain, at the expense of the Company, advice and assistance from search firms and internal or external legal, consulting, or other advisors;
(d) Form and delegate authority to subcommittees of one or more Committee members when desired and appropriate;
(e) Review and reassess the adequacy of this Charter annually and recommend to the Board any proposed changes to this Charter; and
(f) Periodically review the Committee's own performance.

In performing their responsibilities, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

(a) One or more officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matters presented;
(b) Counsel, independent auditors, or other persons as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; and
(c) Other committees of the Board as to matters within their respective designated authority which committee the Committee member reasonably believes to merit confidence.

NEURAXIS, INC.
POLICY ON INSIDER TRADING

This Insider Trading Policy ("Policy") sets forth the policies of Neuraxis, Inc. (the "Company") on trading and causing the trading of securities while in possession of confidential information.

Purpose

The Board of Directors of the Company has adopted this Policy to provide guidance to the Company's directors, officers, and employees about trading in the Company's securities and the securities of any publicly traded companies with whom the Company has a business relationship.

This Policy is designed to (i) promote compliance with applicable securities laws in order to preserve the Company's reputation for integrity and ethical conduct, (ii) provide guidelines for transactions in the securities of the Company, and (iii) provide guidelines for the handling of confidential information about the Company and any companies with which the Company does business.

Scope

The policy applies to the following "Covered Persons": (i) all directors of the Company; and (ii) all officers of the Company and its subsidiaries.

Sections 1 through 3 and Section 5 apply to the following "Associated Person(s)": members of your immediate family and persons sharing your household; it also covers venture capital funds and other entities (such as partnerships, trusts and corporations) that are affiliated or associated with such person(s). Affiliated means directly or indirectly controlled or controlled by, or under common control with, such person(s). Associated means (1) a corporation or organization (other than the Company or a majority-owned subsidiary of the Company) of which such person(s) is an officer or partner or is directly or indirectly the beneficial owner of 10% or more of any class of equity securities or (2) any trust in which such person(s) has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity.

1. The Basic Policy—No Trading or Causing Trading While in Possession of Material Non-Public Information

(a) No person associated with the Company may purchase or sell any security, whether or not issued by the Company, while in possession of material non-public information concerning the security. (The terms "material" and non-public" are defined in Section 2 below.)

(b) No person associated with the Company who knows of material non-public information may communicate that information to any other person if he or she has reason to believe that the information may be improperly used in connection with securities trading.

(c) Covered Persons and Associated Persons must "preclear" all trading in securities of the Company in accordance with the procedures set forth in Section 4 below.

(d) This Policy applies to all transactions in the Company's equity securities, including common stock and any other type of securities that the Company may issue, such as preferred stock, notes, bonds, convertible debentures and warrants, and exchange-traded options (including puts and calls) and other derivative securities. This Policy applies to sales, purchases, gifts, exchanges, pledges, options, hedges, puts, calls and short sales.

(e) This Policy does not apply to a surrender of shares to the Company or the retention and withholding from delivery to the applicable officer, director or employee of shares by the Company (i.e., a so-called "net settlement") upon vesting of restricted stock in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement or the Company plan pursuant to which the restricted stock was granted.

2. The Law Against "Insider Trading"

One of the principal purposes of the federal securities laws is to prohibit so-called insider trading. In recent years this has become a major focus of the enforcement program of the Securities and Exchange Commission and of criminal prosecutions brought by United States Attorneys.

(a) Application to Non-Insiders and to Securities Other Than Securities of the Company

Prohibitions against "insider trading" apply to trades, tips, and recommendations by any person—including all persons associated with the Company —if the information involved is "material" and "non-public." Thus, for example, the prohibitions would apply if you trade on the basis of material non-public information you obtain regarding the Company, its borrowers, customers, suppliers, or other corporations with which the Company has contractual relationships or may be negotiating transactions. For compliance purposes, you should never trade, tip, or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with, and obtain the advance approval of, the Company's Chief Compliance Officer (the "Compliance Officer"). The current Compliance Officer referred to herein is the [*] of the Company.

(b) Materiality

Insider trading restrictions come into play if the information you possess is "material." Materiality, however, involves a low threshold.

Information is generally regarded as "material" if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision. Information dealing with the following subjects is reasonably likely to be found material in particular situations:

- Significant changes in the Company's prospects;
- Significant write-downs in assets or increases in reserves;
- Developments regarding significant litigation or government agency investigations;
- Liquidity problems;
- Changes in earnings estimates or unusual gains or losses in major operation;
- Major changes in management;
- Changes in dividends;
- Extraordinary borrowings;
- Award or loss of a significant contract;
- Changes in debt ratings;
- Proposals, plans, or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets;
- Public offerings; and
- Pending statistical reports (e.g., consumer price index, money supply and retail figures, or interest rate developments).

Material information is not limited to historical facts but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition, or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is small. When in doubt about whether particular non-public information is material, exercise caution. Consult the Compliance Officer before making a decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.

(c) Non-Public Information

Insider trading prohibitions come into play when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally. Even after public disclosure of information regarding the Company, you must wait two full business days for the information to be absorbed by public investors before you can treat the information as public.

Non-public information may include:

- Information available to a select group of analysts or brokers or institutional investors;
- Undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and
- Information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (two full business days).

As with questions of materiality, when in doubt about whether information is non-public, call the designated Compliance Officer or assume that the information is "non-public" and, therefore, treat it as confidential.

3. Severe Penalties for Violating Insider Trading Laws

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and their employers and supervisors. A person who violates the insider trading laws can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.

Moreover, Congress has passed insider trading legislation that, in a significant departure from prior law, explicitly empowers the Securities and Exchange Commission to seek substantial penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation." Such persons may be held liable for up to the greater of $1 million or three times the amount of the profit gained or loss avoided. Thus, even for violations that result in a small or no profit, the Securities and Exchange Commission can seek a minimum of $1 million from the Company and various management and supervisory personnel.

Given the severity of the potential penalties, compliance with the policies set forth in Section 1 of this Statement is absolutely mandatory, and noncompliance is a ground for dismissal. Exceptions to these policies, if any, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above policies takes place.

4. Preclearance of Securities Transactions

Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all such persons to preclear all purchases and sales of the Company's securities in accordance with the following procedures:

(a) Subject to the exemption in part "(d)" below, no Covered Person may, directly or indirectly, purchase or sell any security issued by the Company without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children, and to transactions by entities over which such person exercises control.

(b) The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading two business days following the day on which it was granted.

(c) Requests are most likely to be approved for trading that is to occur in the following "window periods":

(i) Commencing at the close of trading on the second full business day following the date of public disclosure of the financial results for a particular fiscal quarter or year and continuing until the eleventh business day of the third month of the next fiscal quarter. For example, if public disclosure occurs on Monday, May 14th, trading requests would likely be approved from Thursday, May 17th through Thursday, June 14th; or

(ii) Following the wide dissemination of information on the status of the Company and current results.

(d) Preclearance is not required for purchases and sales of securities under a preexisting written plan, contract, instruction, or arrangement that is adopted pursuant to Securities and Exchange Commission Rule 10b5-1(c) (17 C.F.R. § 240.10b5-1(c)) and approved in writing by the Compliance Officer or such other person as the Board of Directors may designate from time to time (the "Authorizing Officer"). Generally, Rule 10b5-1(c) trading plans are developed in consultation with individual counsel and not the responsibility of the Compliance Officer. For more information about Rule 10b5-1 trading plans, see Section 5 below.

5. Rule 10B5-1 Trading Plans, Section 16 and Rule 144

A. Rule 10b5-1 Trading Plans

(1) Overview.

Rule 10b5-1 will protect directors, officers and employees from insider trading liability under Rule 10b5-1 for transactions under a previously established contract, plan or instruction to trade in the Company's stock (a "Trading Plan") entered into in good faith and in accordance with the terms of Rule 10b5-1 and all applicable state laws and will be exempt from the trading restrictions set forth in this Policy. The initiation of, and any modification to, any such Trading Plan will be deemed to be a transaction in the Company's securities, and such initiation or modification is subject to all limitations and prohibitions relating to transactions in the Company's securities. Each such Trading Plan, and any modification thereof, must be submitted to and pre-approved by the Compliance Officer, or such other Authorizing Officer, who may impose such conditions on the implementation and operation of the Trading Plan as the Authorizing Officer deems necessary or advisable. However, compliance of the Trading Plan to the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, not the Company or the Authorizing Officer.

Trading Plans do not exempt individuals from complying with Section 16 short swing profit rules or liability.

Rule 10b5-1 presents an opportunity for insiders to establish arrangements to sell (or purchase) Company stock without the restrictions of trading windows and black-out periods, even when there is undisclosed material information. A Trading Plan may also help reduce negative publicity that may result when key executives sell the Company's stock. Rule 10b5-1 only provides an "affirmative defense" in the event there is an insider trading lawsuit. It does not prevent someone from bringing a lawsuit.

A director, officer or employee may enter into a Trading Plan only when he or she is not in possession of material, non-public information, and only during a trading window period outside of the trading black-out period. Although transactions effected under a Trading Plan will not require further pre-clearance at the time of the trade, any transaction (including the quantity and price) made pursuant to a Trading Plan of a Section 16 reporting person must be reported to the Company promptly on the day of each trade to permit the Company's Securities Counsel to assist in the preparation and filing of a required Form 4. Such reporting may be oral or in writing (including by e-mail) and should include the identity of the reporting person, the type of transaction, the date of the transaction, the number of shares involved and the purchase or sale price. However, the ultimate responsibility, and liability, for timely filing remains with the Section 16 reporting person.

The Company reserves the right from time to time to suspend, discontinue or otherwise prohibit any transaction in the Company's securities, even pursuant to a previously approved Trading Plan, if the Authorizing Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation or other prohibition is in the best interests of the Company. Any Trading Plan submitted for approval hereunder should explicitly acknowledge the Company's right to prohibit transactions in the Company's securities. Failure to discontinue purchases and sales as directed shall constitute a violation of the terms of this Section 5 and result in a loss of the exemption set forth herein.

Officers, directors and employees may adopt Trading Plans with brokers that outline a pre-set plan for trading of the Company's stock, including the exercise of options. Trades pursuant to a Trading Plan generally may occur at any time. However, the Company requires a cooling-off period of 30 days between the establishment of a Trading Plan and commencement of any transactions under such plan. An individual may adopt more than one Trading Plan. Please review the following description of how a Trading Plan works.

Pursuant to Rule 10b5-1, an individual's purchase or sale of securities will not be "on the basis of" material, non-public information if:

- First, before becoming aware of the information, the individual enters into a binding contract to purchase or sell the securities, provides instructions to another person to sell the securities or adopts a written plan for trading the securities (i.e., the Trading Plan).

- Second, the Trading Plan must either:

    - specify the amount of securities to be purchased or sold, the price at which the securities are to be purchased or sold and the date on which the securities are to be purchased or sold;

    - include a written formula or computer program for determining the amount, price and date of the transactions; or

    - prohibit the individual from exercising any subsequent influence over the purchase or sale of the Company's stock under the Trading Plan in question.

- Third, the purchase or sale must occur pursuant to the Trading Plan and the individual must not enter into a corresponding hedging transaction or alter or deviate from the Trading Plan.

(2) Revocation of and Amendments to Trading Plans

Revocation of Trading Plans should occur only in unusual circumstances. Effectiveness of any revocation or amendment of a Trading Plan will be subject to the prior review and approval of the Authorizing Officer. Revocation is effected upon written notice to the broker. Once a Trading Plan has been revoked, the participant should wait at least 30 days before trading outside of a Trading Plan and 180 days before establishing a new Trading Plan.

A person acting in good faith may amend a prior Trading Plan so long as such amendments are made outside of a quarterly trading black-out period and at a time when the Trading Plan participant does not possess material, non-public information. Plan amendments must not take effect for at least 30 days after the plan amendments are made.

Under certain circumstances, a Trading Plan *must* be revoked. This may include circumstances such as the announcement of a merger or the occurrence of an event that would cause the transaction either to violate the law or to have an adverse effect on the Company. The Authorizing Officer is authorized to notify the broker in such circumstances, thereby insulating the insider in the event of revocation.

(3) Discretionary Plans

Although non-discretionary Trading Plans are preferred, discretionary Trading Plans, where the discretion or control over trading is transferred to a broker, are permitted if pre-approved by the Authorizing Officer.

The Authorizing Officer of the Company must pre-approve any Trading Plan, arrangement or trading instructions, etc., involving potential sales or purchases of the Company's stock or option exercises, including but not limited to, blind trusts, discretionary accounts with banks or brokers, or limit orders. The actual transactions effected pursuant to a pre-approved Trading Plan will not be subject to further pre-clearance for transactions in the Company's stock once the Trading Plan or other arrangement has been pre-approved.

(4) Reporting (if Required)

If required, an SEC Form 144 will be filled out and filed by the individual/brokerage firm in accordance with the existing rules regarding Form 144 filings. A footnote at the bottom of the Form 144 should indicate that the trades "are in accordance with a Trading Plan that complies with Rule 10b5-1 and expires _____." For Section 16 reporting persons, Form 4s should be filed before the end of the second business day following the date that the broker, dealer or plan administrator informs the individual that a transaction was executed, provided that the date of such notification is not later than the third business day following the trade date. A similar footnote should be placed at the bottom of the Form 4 as outlined above.

(5) Options

Exercises of options for cash may be executed at any time. "Cashless exercise" option exercises through a broker are subject to trading windows. However, the Company will permit same day sales under Trading Plans. If a broker is required to execute a cashless exercise in accordance with a Trading Plan, then the Company must have exercise forms attached to the Trading Plan that are signed, undated and with the number of shares to be exercised left blank.

Once a broker determines that the time is right to exercise the option and dispose of the shares in accordance with the Trading Plan, the broker will notify the Company in writing and the Authorizing Officer will fill in the number of shares and the date of exercise on the previously signed exercise form. The insider should not be involved with this part of the exercise.

(6) Trades Outside of a Trading Plan

During an open trading window, trades differing from Trading Plan instructions that are already in place are allowed as long as the Trading Plan continues to be followed.

(7) Public Announcements

The Company may make a public announcement that Trading Plans are being implemented in accordance with Rule 10b5-1. It will consider in each case whether a public announcement of a particular Trading Plan should be made. It may also make public announcements or respond to inquiries from the media as transactions are made under a Trading Plan.

(8) Prohibited Transactions

The transactions prohibited under Section V of this Policy, including among others short sales and hedging transactions, may not be carried out through a Trading Plan or other arrangement or trading instruction involving potential sales or purchases of the Company's securities.

(9) Limitation on Liability

None of the Company, the Compliance Officer, the Authorizing Officer or the Company's other employees will have any liability for any delay in reviewing, or refusal of, a Trading Plan submitted pursuant to this Section 5 or a request for pre-clearance submitted pursuant to Section 5 of this Policy. Notwithstanding any review of a Trading Plan pursuant to this Section 5 or pre-clearance of a transaction pursuant to Section 5 of this Policy, none of the Company, the Compliance Officer, the Authorizing Officer or the Company's other employees assumes any liability for the legality or consequences of such Trading Plan or transaction to the person engaging in or adopting such Trading Plan or transaction.

B. **Section 16: Insider Reporting Requirements, Short-Swing Profits and Short Sales**

(1) Reporting Obligations Under Section 16(a): SEC Forms 3, 4 and 5

Section 16(a) of the 1934 Act generally requires all officers, directors and 10% stockholders ("insiders"), within 10 days after the insider becomes an officer, director or 10% stockholder, to file with the SEC an "Initial Statement of Beneficial Ownership of Securities" on SEC Form 3 listing the amount of the Company's stock, options and warrants which the insider beneficially owns. Following the initial filing on SEC Form 3, changes in beneficial ownership of the Company's stock, options and warrants must be reported on SEC Form 4, generally within two business days after the date on which such change occurs, or in certain cases on Form 5, within 45 days after fiscal year end. A Form 4 must be filed even if, as a result of balancing transactions, there has been no net change in holdings. In certain situations, purchases or sales of Company stock made within six months prior to the filing of a Form 3 must be reported on Form 4. Similarly, certain purchases or sales of Company stock made within six months after an officer or director ceases to be an insider must be reported on Form 4.

(2) Recovery of Profits Under Section 16(b)

For the purpose of preventing the unfair use of information which may have been obtained by an insider, any profits realized by any officer, director or 10% stockholder from any "purchase" and "sale" of Company stock during a six-month period, so called "short-swing profits," may be recovered by the Company. When such a purchase and sale occurs, good faith is no defense. The insider is liable even if compelled to sell for personal reasons, and even if the sale takes place after full disclosure and without the use of any inside information.

The liability of an insider under Section 16(b) of the 1934 Act is only to the Company itself. The Company, however, cannot waive its right to short swing profits, and any Company stockholder can bring suit in the name of the Company. Reports of ownership filed with the SEC on Form 3, Form 4 or Form 5 pursuant to Section 16(a) (discussed above) are readily available to the public, and certain attorneys carefully monitor these reports for potential Section 16(b) violations. In addition, liabilities under Section 16(b) may require separate disclosure in the Company's annual report to the SEC on Form 10-K or its proxy statement for its annual meeting of stockholders. No suit may be brought more than two years after the date the profit was realized. However, if the insider fails to file a report of the transaction under Section 16(a), as required, the two-year limitation period does not begin to run until after the transactions giving rise to the profit have been disclosed. Failure to report transactions and late filing of reports require separate disclosure in the Company's proxy statement.

Officers and directors should consult the attached "Short-Swing Profit Rule Section 16(b) Checklist" attached hereto as "Attachment A" in addition to consulting the Compliance Officer prior to engaging in any transactions involving the Company's securities, including without limitation, the Company's stock, options or warrants.

(3) Short Sales Prohibited Under Section 16(c)

Section 16(c) of the 1934 Act prohibits insiders absolutely from making short sales of the Company's equity securities. Short sales include sales of stock which the insider does not own at the time of sale, or sales of stock against which the insider does not deliver the shares within 20 days after the sale. Under certain circumstances, the purchase or sale of put or call options, or the writing of such options, can result in a violation of Section 16(c). Insiders violating Section 16(c) face criminal liability.

The Compliance Officer should be consulted if you have any questions regarding reporting obligations, short-swing profits or short sales under Section 16.

C. Rule 144

Rule 144 provides a safe harbor exemption to the registration requirements of the Securities Act of 1933, as amended, for certain resales of "restricted securities" and "control securities." "Restricted securities" are securities acquired from an issuer, or an affiliate of an issuer, in a transaction or chain of transactions not involving a public offering. "Control securities" are *any* securities owned by directors, executive officers or other "affiliates" of the issuer, including stock purchased in the open market and stock received upon exercise of stock options. Sales of Company restricted and control securities must comply with the requirements of Rule 144, which are summarized below:

- ***Holding Period***. Restricted securities must be held for at least six months before they may be sold in the market.

- ***Current Public Information.*** The Company must have filed all SEC-required reports during the last 12 months or such shorter period that the Company was required to file such reports.

- ***Volume Limitations.*** For affiliates, total sales of Company common stock for any three-month period may not exceed the *greater* of: (i) 1% of the total number of outstanding shares of Company common stock, as reflected in the most recent report or statement published by the Company, or (ii) the average weekly reported volume of such shares traded during the four calendar weeks preceding the filing of the requisite Form 144.

- ***Method of Sale.*** For affiliates, the shares must be sold either in a "broker's transaction" or in a transaction directly with a "market maker." A "broker's transaction" is one in which the broker does no more than execute the sale order and receive the usual and customary commission. Neither the broker nor the selling person can solicit or arrange for the sale order. In addition, the selling person or Board member must not pay any fee or commission other than to the broker. A "market maker" includes a specialist permitted to act as a dealer, a dealer acting in the position of a block positioner, and a dealer who holds himself out as being willing to buy and sell Company common stock for his own account on a regular and continuous basis.

- ***Notice of Proposed Sale.*** For affiliates, a notice of the sale (a Form 144) may be required to be filed with the SEC at the time of the sale. Brokers generally have internal procedures for executing sales under Rule 144 and will assist you in completing the Form 144 and in complying with the other requirements of Rule 144.

If you are subject to Rule 144, you must instruct your broker who handles trades in Company securities to follow the brokerage firm's Rule 144 compliance procedures in connection with all trades.

6. Prohibited Activities

(a) Prohibitions**.** Except for limited exceptions described below, the following activities are prohibited under this Policy:

(i) No Covered Person may purchase, sell, transfer or effectuate any other transaction in Company securities while in possession of material nonpublic information concerning the Company or its securities. This prohibition includes sales of shares received upon exercise of stock options or upon vesting of Restricted Stock Units and Awards.

(ii) No Covered Person may "tip" or disclose material nonpublic information concerning the Company or its securities to any outside person (including family members, affiliates, analysts, investors, members of the investment community and news media). Should a Covered Person inadvertently disclose such information to an outsider, the Covered Person must promptly inform the Compliance Officer regarding this disclosure. The Company will take steps necessary to preserve the confidentiality of the information, including requiring the outsider to agree in writing to comply with the terms of this Policy and/or sign a confidentiality agreement.

(iii) No Covered Person may purchase Company securities on margin, hold Company securities in a margin account, or otherwise pledge Company securities as collateral for a loan because, in the event of a margin call or default on the loan, the broker or lender could sell the shares at a time when the Covered Person is in possession of material nonpublic information, resulting in liability for insider trading. In addition, pledging of securities by Covered Persons, including margin arrangements, can be perceived to undermine the alignment of their interests and incentives with the long-term interests of other stockholders.

(iv) Short-term and speculative trading in Company securities, as well as hedging and other derivative transactions involving Company securities, can create the appearance of impropriety and may become the subject of an SEC investigation, particularly if the trading occurs before a major Company announcement or is followed by unusual activity or price changes in the Company's stock. These types of transactions can also result in inadvertent violations of insider trading laws and/or liability for short-swing profits under Section 16(b) of the Securities Exchange Act of 1934.[1] Therefore, it is the Company's policy to prohibit the following activities, even if you are not in possession of material nonpublic information:

1. No Covered Person may trade in any interest or position relating to the future price of Company securities, such as put or call options or other derivatives, or short sale of Company securities.

2. No Covered Person may hedge Company securities. A "hedge" is a transaction designed to offset or reduce the risk of a decline in the market value of an equity security, and can include, but is not limited to, prepaid variable forward contracts, equity swaps, collars, and exchange funds.

3. Covered Persons may not trade in securities of the Company on an active basis, including short term speculation.

(v) No Covered Person may trade in securities of another company if the Covered Person is in possession of material nonpublic information about that other company which the Covered Person learned in the course of their work for the Company.

(vi) "Quiet" Periods. The Company's announcement of its quarterly financial results has the potential to have a material effect on the market for the Company's securities. Therefore, to avoid even the appearance of trading on the basis of material non-public information, Covered Persons who are subject to the pre-clearance procedure set forth above may not, except as expressly permitted under this Policy, carry out any transaction in the Company's securities during the period beginning on the 15th day of the last month of each quarter (March, June, September, December) and ending on the third business day following the release of the Company's earnings for that quarter.

(vii) Event-Specific Quiet Periods. The Company reserves the right to close any open window period at any time if the Compliance Officer, or his or her designee, determines, in his or her sole discretion, that there may be material non-public information with respect to the Company. If the Company closes an open window, it will not pre- clear any transaction that is not expressly permitted by this Policy during the period that such open window is closed.

The Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, Current Report on Form 8-K, or other means designed to achieve widespread dissemination of the information. Covered Persons should anticipate that trading will be prohibited while the Company is in the process of assembling the information to be released and until the information has been released and absorbed by the market.

From time to time, an event may occur that is material to the Company and is known by only a few directors, executives, or other employees. So long as the event remains material and non-public, the persons who are aware of the event, as well as all Designated Persons, may not trade in the Company's securities.

The existence of an event-specific quiet period will not be announced, other than to those who are aware of the event giving rise to the quiet period. If, however, a person whose trades are subject to the pre-clearance requirements set forth above desires to effect a transaction during an event-specific quiet period, the Compliance Officer may refuse to grant permission to carry out the transaction and will have no obligation to disclose to the person the reason for the refusal or the reason for the event-specific quiet period. Any person who becomes aware of the existence of an event-specific quiet period shall not disclose the existence of the quiet period to any other person. The failure of the Compliance Officer to inform a person that they are subject to an event-specific quiet period will not relieve that person of the obligation not to trade while aware of material non- public information.

(b) Exceptions to Prohibited Activities. Prohibitions in trading securities under this Policy do not include:

(i) The exercise of vested employee stock options where no Company stock is sold to fund the option exercise.[1]

(ii) The receipt of Company stock upon vesting of Restricted Stock Units and Awards, as well as the withholding of Company stock by the Company in payment of tax obligations.

[1] While vested employee stock options may be exercised at any time under this Policy, the sale of any stock acquired through such exercise is subject to this Policy.

(iii) Company securities purchased or sold under a Company authorized Rule 10b5-1 Trading Plan (see Section 4(d) above).

(iv) Transfers of Company stock by a Covered Person into a trust for which the Covered Person is a trustee, or from the trust back into the name of the Covered Person.

7. Blackout Periods Applicable to Covered Persons

(a) No Trading During Blackout Periods. No Covered Person may trade or effectuate any other transactions in Company securities during regular blackout periods or during any special blackout periods designated by the Compliance Officer (except for the limited exceptions described in Section 5(b) above). Remember that even during an open trading window, you may not trade in Company securities if you are in possession of material nonpublic information concerning the Company or its securities.

(b) Regular Blackout Periods Defined. Subject to obtaining trading pre-approval from the Compliance Officer, Covered Persons may not trade in Company securities during the period beginning on the 15th day of the last month of each quarter (March, June, September, December) and ending on the third business day following the release of the Company's earnings for that quarter. To provide clarity, the Compliance Officer will notify Covered Persons, in advance of each quarter end, of the date on which the blackout period begins and ends. Trades made pursuant to an approved 10b5-1 Trading Plan (see Section 4(d) above) are exempted from this restriction.

(c) Special Blackout Periods. From time to time, the Compliance Officer may determine that trading in Company securities is inappropriate during an otherwise open trading window due to the existence of material nonpublic information. Accordingly, the Compliance Officer may prohibit trading at any time by announcing a special blackout period. The Compliance Officer will provide notice of any modification of the trading blackout policy or any additional prohibition on trading during the period when trading is otherwise permitted under this Policy. The existence of a special blackout period should be considered confidential information and Covered Persons are prohibited from communicating the existence of a special blackout period to anyone who is not a Covered Person.

(d) Hardship Trading Exceptions. The Compliance Officer may, on a case-by-case basis, authorize trading in Company securities during a trading blackout period due to financial or other hardship. Any person wanting to rely on this exception must first notify the Compliance Officer in writing of the circumstance of the hardship and the amount and nature of the proposed trade. Such person will also be required to certify to the Compliance Officer in writing no earlier than two business days prior to the proposed trade that he or she is not in possession of material nonpublic information concerning the Company or its securities. Upon authorization from the Compliance Officer, the person may trade, although such person will be responsible for ensuring that any such trade complies in all other respects with this Policy.

8. Inquiries

If you have any questions regarding any of the provisions of this Policy, please contact the Compliance Officer at spope@emulatetx.com.

9. Acknowledgment and Certification

The undersigned does hereby acknowledge receipt of the Company's Policy On Insider Trading regarding trading on material non-public information. The undersigned has read and understands (or has had explained to them by someone who understands) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of non-public information. The undersigned understands that if the undersigned is a Covered Person, the entire policy applies to them. The undersigned understands that if the undersigned is not a Covered Person, Sections 1 through 3 and Section 5 applies to them.

(Signature)

(Please print name)

Title/Relationship to the Company

Date:

ATTACHMENT A

SHORT-SWING PROFIT RULE SECTION 16(B) CHECKLIST

Note: ANY combination of PURCHASE AND SALE or SALE AND PURCHASE within six months of each other by an officer, director or 10% stockholder (or any family member living in the same household or certain affiliated entities) results in a violation of Section 16(b), and the "profit" must be recovered by Neuraxis, Inc. (the "***Company***"). It makes no difference how long the shares being sold have been held or, for officers and directors, that you were an insider for only one of the two matching transactions. The highest priced sale will be matched with the lowest priced purchase within the six-month period.

Sales

If a sale is to be made by an officer, director or 10% stockholder (or any family member living in the same household or certain affiliated entities):

1. Have there been any purchases by the insider (or family members living in the same household or certain affiliated entities) within the past six months?

2. Have there been any option grants or exercises not exempt under Rule 16b-3 within the past six months?

3. Are any purchases (or non-exempt option exercises) anticipated or required within the next six months?

4. Has a Form 4 been prepared?

Note: If a sale is to be made by an affiliate of the Company, has a Form 144 been prepared and has the broker been reminded to sell pursuant to Rule 144?

Purchases and Option Exercises

If a purchase or option exercise for Company stock is to be made:

1. Have there been any sales by the insider (or family members living in the same household or certain affiliated entities) within the past six months?

2. Are any sales anticipated or required within the next six months (such as tax- related or year-end transactions)?

3. Has a Form 4 been prepared?

Before proceeding with a purchase or sale, consider whether you are aware of material, non-public information which could affect the price of the Company stock. All transactions in the Company's securities by officers and directors must be pre-cleared by contacting the Company's Compliance Officer.