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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED June 30, 2023

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

FOR THE TRANSITION PERIOD FROM ______________ TO ______________

Commission File Number 001-38538

electroCore, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**20-3454976**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

200 Forge Way, Suite 205, Rockaway, NJ 07866
(Address of principal executive offices, including zip code)

(973) 290-0097
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	ECOR	The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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	☐	Accelerated filer	☐
Non-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 13(a) of the Exchange Act. ☒

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

As of August 3, 2023, the registrant had 5,985,043 shares of common stock outstanding.

REFERENCES TO ELECTROCORE

In this Quarterly Report on Form 10-Q, unless otherwise stated or the context otherwise requires, references to the "Company," "electroCore," "we," "us" and "our" refer to electroCore, Inc. a Delaware corporation and its subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or Quarterly Report, contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in the forward-looking statements. The statements contained in this report that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Forward-looking statements are often identified by the use of words such as, but not limited to, "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "seek," "should," "strategy," "target," "will," "would" and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to them. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to risks and uncertainties included in our Form 10-Qs, our Annual Report on Form 10-K for the year ended December 31, 2022, in our other filings with the U.S. Securities and Exchange Commission or in materials incorporated by reference therein, including the information in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in such filings. Furthermore, any such forward-looking statements in this Quarterly Report speak only as of the date of this report. Except as required by law, we undertake no obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of such statements.

The electroCore logo, gammaCore, Truvaga, TAC-STIM, and other trademarks of electroCore, Inc. appearing in this Quarterly Report are the property of electroCore, Inc. All other trademarks, service marks and trade names in this Quarterly Report are the property of their respective owners. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this Quarterly Report.

ELECTROCORE, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except share data)

	June 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 8,442	$ 17,712
Restricted cash	250	250
Accounts receivable, net	238	401
Inventories, net	2,368	1,982
Prepaid expenses and other current assets	106	828
Total current assets	11,404	21,173
Inventories, noncurrent	1,351	2,194
Property and equipment, net	114	50
Operating lease right of use assets, net	534	565
Other assets, net	819	774
Total assets	$ 14,222	$ 24,756
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 2,284	$ 2,129
Accrued expenses and other current liabilities	4,210	4,842
Current portion of operating lease liabilities	81	74
Total current liabilities	6,575	7,045
Noncurrent liabilities:		
Operating lease liabilities, noncurrent	583	625
Total liabilities	7,158	7,670
Commitments and contingencies (see Note 12)	—	—
Mezzanine Equity:		
Preferred Stock, par value $0.001 per share; 10,000,000 shares authorized as of June 30, 2023 and December 31, 2022; 0 shares issued and outstanding at June 30, 2023 and 71,173 issued and outstanding at December 31, 2022 ($0.001 per share liquidation value)	—	—
Stockholders' equity:		
Common Stock, par value $0.001 per share; 500,000,000 shares authorized at June 30, 2023 and December 31, 2022; 4,752,475 shares issued and outstanding at June 30, 2023 and 4,744,886 shares issued and outstanding at December 31, 2022	5	5
Additional paid-in capital	164,275	163,520
Accumulated deficit	(157,140)	(146,370)
Accumulated other comprehensive loss	(76)	(69)
Total equity	7,064	17,086
Total liabilities and equity	$ 14,222	$ 24,756

See accompanying notes to unaudited condensed consolidated financial statements.

ELECTROCORE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(unaudited)
(in thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Net sales	$ 3,551	$ 2,157	$ 6,331	$ 4,056
Cost of goods sold	585	358	1,043	718
Gross profit	2,966	1,799	5,288	3,338
Operating expenses				
Research and development	1,155	1,341	2,964	2,275
Selling, general and administrative	6,799	6,278	13,509	12,464
Total operating expenses	7,954	7,619	16,473	14,739
Loss from operations	(4,988)	(5,820)	(11,185)	(11,401)
Other (income) expense				
Interest and other income	(85)	(38)	(204)	(42)
Other expense	—	—	—	5
Total other (income) expense	(85)	(38)	(204)	(37)
Loss before income taxes	(4,903)	(5,782)	(10,981)	(11,364)
Benefit from income taxes	—	445	211	445
Net loss	$ (4,903)	$ (5,337)	$ (10,770)	$ (10,919)
Net loss per share of common stock - Basic and Diluted	$ (1.03)	$ (1.20)	$ (2.27)	$ (2.25)
Weighted average common shares outstanding - Basic and Diluted	4,751	4,448	4,747	4,853

See accompanying notes to unaudited condensed consolidated financial statements.

ELECTROCORE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Loss
(unaudited)
(in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Net loss	$ (4,903)	$ (5,337)	$ (10,770)	$ (10,919)
Other comprehensive loss:				
Foreign currency translation adjustment	(63)	(58)	(7)	(85)
Other comprehensive loss	(63)	(58)	(7)	(85)
Comprehensive loss	$ (4,966)	$ (5,395)	$ (10,777)	$ (11,004)

See accompanying notes to unaudited condensed consolidated financial statements.

ELECTROCORE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Equity
(unaudited)
(in thousands)

	Mezzanine Equity		Stockholders' Equity					
	Preferred Stock		Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total equity
	Shares	Amount	Shares	Amount				
Balances as of January 1, 2023	71	$ —	4,745	$ 5	$ 163,520	$ (146,370)	$ (69)	$ 17,086
Net loss	—	—	—	—	—	(5,867)	—	(5,867)
Other comprehensive income	—	—	—	—	—	—	56	56
Issuance of stock related to employee compensation plans, net of forfeitures	—	—	1	—	—	—	—	—
Preferred stock redemption	(71)	—	—	—	—	—	—	—
Share based compensation	—	—	—	—	572	—	—	572
Balances as of March 31, 2023	—	—	4,746	5	164,092	(152,237)	(13)	11,847
Net loss	—	—	—	—	—	(4,903)	—	(4,903)
Other comprehensive income	—	—	—	—	—	—	(63)	(63)
Issuance of stock related to employee compensation plan, net of forfeitures	—	—	6	—	—	—	—	—
Share based compensation	—	—	—	—	183	—	—	183
Balances as of June 30, 2023	—	$ —	4,752	$ 5	$ 164,275	$ (157,140)	$ (76)	$ 7,064

See accompanying notes to unaudited condensed consolidated financial statements.

ELECTROCORE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Equity
(unaudited)
(in thousands)

	Mezzanine Equity		Stockholders' Equity					
	Preferred Stock		Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Total equity
	Shares	Amount	Shares	Amount				
Balance, January 1, 2022	—	$ —	4,714	$ 5	$ 160,772	$ (124,208)	$ 13	$ 36,582
Net loss	—	—	—	—	—	(5,582)	—	(5,582)
Other comprehensive loss	—	—	—	—	—	—	(27)	(27)
Issuance of stock related to employee compensation plans, net of forfeitures	—	—	1	—	—	—	—	—
Share based compensation	—	—	—	—	777	—	—	777
Balance, March 31, 2022	—	—	4,715	5	161,549	(129,790)	(14)	31,750
Net loss	—	—	—	—	—	(5,337)	—	(5,337)
Other comprehensive income	—	—	—	—	—	—	(58)	(58)
Issuance of stock related to employee compensation plans, net of forfeitures	—	—	27	—	—	—	—	—
Share based compensation	—	—	—	—	752	—	—	752
Balance, June 30, 2022	—	$ —	4,742	$ 5	$ 162,301	$ (135,127)	$ (72)	$ 27,107

See accompanying notes to unaudited condensed consolidated financial statements.

ELECTROCORE, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash flows from operating activities:		
Net loss	$ (10,770)	$ (10,919)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	755	1,529
Depreciation and amortization	444	247
Net noncash lease expense	30	21
Inventory reserve charge	65	—
Increase in provision for bad debts	28	—
Changes in operating assets and liabilities:		
Accounts receivable, net	135	(137)
Inventories	(71)	289
Prepaid expenses and other current assets	723	823
Accounts payable	155	1,115
Accrued expenses and other current liabilities	(631)	(963)
Operating lease liabilities	(35)	(29)
Net cash used in operating activities	(9,172)	(8,024)
Cash flows from investing activities:		
Purchase of equipment	(91)	—
Net cash used in investing activities	(91)	—
Cash flows from financing activities:		
Net cash provided by financing activities	—	—
Effect of changes in exchange rates on cash and cash equivalents	(7)	(85)
Net decrease in cash and cash equivalents and restricted cash	(9,270)	(8,109)
Cash and cash equivalents and restricted cash – beginning of period	17,962	34,689
Cash and cash equivalents and restricted cash – end of period	$ 8,692	$ 26,580
Supplemental cash flows disclosures:		
Proceeds from sale of state net operating losses	$ 211	$ 445
Interest paid	$ 4	$ 4

See accompanying notes to unaudited condensed consolidated financial statements.

Note 1. The Company

electroCore, Inc. and its subsidiaries ("electroCore" or the "Company") is a commercial stage bioelectronic medicine and wellness company dedicated to improving health through its non-invasive vagus nerve stimulation ("nVNS") technology platform. The Company's focus is the commercialization of medical devices for the management and treatment of certain medical conditions and consumer product offerings utilizing nVNS to promote general wellbeing and human performance in the United States and select overseas markets.

electroCore, headquartered in Rockaway, NJ, has two wholly owned subsidiaries: electroCore UK Ltd and electroCore Germany GmbH. The Company has paused operations in Germany, with sales into the country and the rest of Europe being managed by electroCore UK Ltd.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying condensed consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") and with instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. In the opinion of management, the Company has made all necessary adjustments, which include normal recurring adjustments necessary for a fair presentation of the Company's condensed consolidated financial position and results of operations for the interim periods presented. Certain information and disclosures normally included in the annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 8, 2023. The results for the three and six months ended June 30, 2023 are not necessarily indicative of the results to be expected for a full year, any other interim periods or any future year or period.

At a special stockholders meeting held on February 13, 2023, the Company's stockholders approved an amendment to the Company's certificate of incorporation to effect of a reverse stock split of the Company's common stock at a ratio between 1-for-5 to 1-for-50 in order to achieve a minimum bid price of $1.00 per share for a minimum of 10 consecutive trading days, as required for continued listing of the common stock on the Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5550(a)(2). The board of directors authorized a 1-for-15 ratio for the reverse stock split, which became effective on February 15, 2023. The accompanying condensed consolidated financial statements and notes to condensed consolidated financial statements give retroactive effect to the reverse stock split for all prior periods presented.

(b) Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of electroCore and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

(c) Use of Estimates

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 date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include allowances for doubtful accounts, trade credits, rebates, co-payment assistance and sales returns, valuation of inventory, estimated useful life of licensed products and cloud computing arrangements, stock compensation, incremental borrowing rate and contingencies.

(d) Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash to the balance reflected on the Condensed Consolidated Statement of Cash Flows for June 30, 2023 and 2022:

(in thousands)	June 30, 2023	June 30, 2022
Cash and cash equivalents	$ 8,442	$ 26,330
Restricted cash	250	250
Total cash, cash equivalents and restricted cash	$ 8,692	$ 26,580

As of June 30, 2023 and December 31, 2022, cash equivalents represented funds held in a money market account.

(e) Restricted Cash

The Company's restricted cash consists of cash that the Company is contractually obligated to maintain in accordance with the terms of its corporate credit card arrangement with Citibank, N.A and established in April 2022.

(f) Licensed Products

The Company licenses a portion of its devices through its cash pay channels. The cost of these licensed devices is capitalized and included in Other Assets in the accompanying Condensed Consolidated Balance Sheets at June 30, 2023 and December 31, 2022, and is being recognized as cost of goods sold on the straight-line method over the estimated 12-36 month useful life of the devices. If certain licensed devices are returned and no longer meet quality specifications or the carrying amount of certain licensed devices are no longer deemed to be recoverable, the Company records a charge to cost of goods sold to write down such licensed devices to zero. The net book value of these licensed devices at June 30, 2023 and December 31, 2022 was $724,000 and $538,000, respectively. Changes in the value of these licensed devices in Other Assets is captured on the Statement of Cash Flows with inventories.

(g) Prior Year Presentation

Prior year presentation has been conformed to current year presentation.

Note 3. Going Concern, Significant Risks and Uncertainties

Going Concern

The Company has experienced significant net losses and cash used in operations, and it expects to continue to incur net losses and cash used in operations for the near future as it works to increase market acceptance of its medical devices and wellness products. The Company has never been profitable and has incurred net losses and cash used in operations in each year since its inception.

Sales to the United States Department of Veteran Affairs comprised 59.8% of the Company's revenue during the six months ended June 30, 2023. The Company expects that a majority of its remaining 2023 sales will be made pursuant to its qualifying contract under the Federal Supply Schedule, or FSS, which was secured by the Company in December 2018, as well as open market sales to individual facilities within the government channels. The FSS is scheduled to expire on January 15, 2024. The Company has submitted a renewal application for extension of its qualifying contract under the FSS from the Department of Veterans Affairs Office of Procurement and Logistics, but there is no assurance the FSS will be renewed, if at all, or renewed at terms favorable to the Company.

The Company has historically funded its operations from the sale of its common stock. On July 31, 2023, the Company entered into a registered direct offering with a certain institutional and accredited investors, and concurrent private placements with certain of the Company’s officers and directors, resulting in net proceeds to the Company of approximately $7.5 million after deducting the placement agent fees and expenses, and other offering expenses payable by the Company. See *Note 14. Subsequent Events, Securities Purchase Agreements*.

The Company’s expected cash requirements for the next 12 months and beyond are largely based on the commercial success of its products. The Company believes its cash and cash equivalents and anticipated revenues will enable it to fund its operating expenses, working capital, and capital expenditure requirements, as currently planned, through 12 months from the date of the accompanying financial statements. There are significant risks and uncertainties as to its ability to achieve these operating results. Due to the risks and uncertainties, there can be no assurance that the Company will have sufficient cash flow and liquidity to fund its planned activities, which could force it to significantly reduce or curtail its activities and, ultimately, potentially cease operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern within one year of the date these accompanying financial statements are issued. The accompanying financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Concentration of Revenue Risks

The Company earns a significant amount of its revenue (i) in the United States from the Department of Veterans Affairs and Department of Defense ("VA/DoD") pursuant to its qualifying contract under the FSS and open market sales to individual Department of Veterans Affairs facilities, and (ii) in the United Kingdom from the National Health Service. The VA/DoD and National Health Service comprise those customers of the Company that each account for 10% or more of total net sales during the six months ended June 30, 2023 and 2022. The following table reflects the respective concentration as a percentage of the Company's net sales for the three and six months ended June 30, 2023 and 2022:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenue channel:				
Rx gammaCore - VA/DoD	58.6%	55.1%	59.8%	60.4%
National Health Service	9.8%	16.4%	9.9%	15.3%

No VA/DOD facility accounted for more than 10% of total VA/DoD net sales during the six months ended June 30, 2023. During the three and six months ended June 30, 2023 and 2022, one facility accounted for more than 10% of net sales from the National Health Service.

Foreign Currency Exchange

The Company has foreign currency exchange risk related to revenue and operating expenses in currencies other than the local currencies in which it operates. The Company is exposed to currency risk from the potential changes in functional currency values of its assets, liabilities, and cash flows denominated in foreign currencies.

Note 4. Revenue

Product Net Sales

(in thousands)	Three months ended June 30,		Six months ended June 30,	
Channel	**2023**	**2022**	**2023**	**2022**
Rx gammaCore - Department of Veteran Affairs and Department of Defense	$ 2,081	$ 1,190	$ 3,786	$ 2,430
Rx gammaCore - U.S. Commercial	441	465	871	741
Outside the United States	424	467	834	772
Truvaga	290	—	437	—
TAC-STIM	311	—	399	—
Other	4	35	4	113
	$ 3,551	$ 2,157	$ 6,331	$ 4,056

Geographical Net Sales

The following table presents net sales disaggregated by geographic market:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Product revenue				
United States	$ 3,127	$ 1,690	$ 5,497	$ 3,284
United Kingdom	384	355	705	621
Other	22	64	65	103
License revenue				
Japan	18	48	64	48
Total Net Sales	$ 3,551	$ 2,157	$ 6,331	$ 4,056

The Company generally invoices the customer and recognizes revenue once its performance obligations are satisfied, at which point payment is unconditional. Agreed upon payment terms with customers are within 30 days of shipment. Accordingly, contracts with customers do not include a significant financing component.

Note 5. Inventories

As of June 30, 2023 and December 31, 2022, inventories consisted of the following:

(in thousands)	June 30, 2023	December 31, 2022
Raw materials	$ 1,334	$ 944
Work in process	2,194	2,879
Finished goods	191	353
Total inventories, net	3,719	4,176
Less: noncurrent inventories	1,351	2,194
Current inventories	$ 2,368	$ 1,982

The reserve for obsolete inventory was $0.3 million and $0.7 million as of June 30, 2023 and December 31, 2022, respectively. The Company records charges for obsolete inventory in cost of goods sold. As of June 30, 2023 and December 31, 2022, noncurrent inventory was comprised of approximately $0.6 million and $0.1 million in raw materials and $0.8 million and $2.1 million of work in process, respectively. Inventory classified under the category "Work in process" consists of prefabricated assembled product.

Note 6. Leases

For each of the three and six months ended June 30, 2023 and 2022 the Company recognized lease expense of $38,000 and $76,000. This expense does not include non-lease components associated with the lease agreements as the Company elected not to include such charges as part of the lease expense.

Supplemental Balance Sheet Information for Operating Leases:

(in thousands)	June 30, 2023	December 31, 2022
Operating leases:		
Operating lease right of use assets	$ 534	$ 565
Operating lease liabilities:		
Current portion of operating lease liabilities	81	74
Noncurrent operating lease liabilities	583	625
Total operating lease liabilities	$ 664	$ 699
Weighted average remaining lease term (in years)	5.6	6.1
Weighted average discount rate	13.8%	13.8%

Future minimum lease payments under non-cancellable operating leases as of June 30, 2023:

(in thousands)	
Remainder of 2023	$ 82
2024	168
2025	171
2026	161
2027	157
2028 and thereafter	216
Total future minimum lease payments	955
Less: Amounts representing interest	(291)
Total	$ 664

Note 7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities as of June 30, 2023 and December 31, 2022 consisted of the following:

(in thousands)	June 30, 2023	December 31, 2022
Accrued professional fees	$ 483	$ 524
Accrued bonuses and incentive compensation	1,436	2,042
Accrued litigation legal fees expense	1,035	1,001
Accrued insurance expense	24	264
Accrued vacation and other employee related expenses	739	534
Accrued severance and other related charges	207	—
Accrued valued-added tax	180	133
Deferred revenue	36	152
Other	70	192
	$ 4,210	$ 4,842

Finance and Security Agreement

On July 5, 2022, the Company entered into a Commercial Insurance Premium Finance and Security Agreement (the "2022 Agreement"). The 2022 Agreement provides for a single borrowing by the Company of approximately $783,000 with a nine-month term and an annual interest rate of 2.49%. The proceeds from this transaction were used to partially fund the premiums due under certain of the Company's insurance policies. All borrowings were repaid as of June 30, 2023. During the three and six months ended June 30, 2023, the Company recognized $2,250 and $3,867 in interest expense, respectively. On July 5, 2023, the Company entered into a new Commercial Insurance Premium Finance and Security Agreement. See *Note 14. Subsequent Events*.

Note 8. Shareholders' Equity

Reverse Stock Split

On February 13, 2023, the Company held a special meeting (the “Special Meeting”) of stockholders of the Company. At the Special Meeting, the Company’s shareholders voted to approve an amendment to the Company’s Certificate of Incorporation to effect a reverse stock split of the Company’s common stock at a ratio between 1-for-5 and 1-for-50.

Following the Special Meeting, the board of directors of the Company approved a 1-for-15 Reverse Stock Split. The Reverse Stock Split became effective on February 15, 2023.

Upon the effectiveness of the Reverse Stock Split, every 15 shares of common stock were automatically combined and converted into one share of common stock. Appropriate adjustments were also made to all outstanding derivative securities of the Company, including all outstanding equity awards and warrants.

No fractional shares were issued in connection with the Reverse Stock Split. Instead, all fractional shares received a cash payment based on the closing sales price on the Nasdaq Capital Market of the Company's common stock on February 14, 2023.

Redemption and Elimination of Series A Preferred Stock

All shares of Series A Preferred Stock that were not present in person or by proxy as of immediately prior to the opening of the polls at the Special Meeting were automatically redeemed by the Company (the "Initial Redemption"). Any outstanding shares of Series A Preferred Stock that had not been so redeemed were redeemed automatically upon the approval at the Special Meeting of the Reverse Stock Split (the "Subsequent Redemption"). Each share of Series A Preferred Stock redeemed was entitled to receive an amount equal to $0.01 in cash for each 10 whole shares of Series A Preferred Stock owned immediately prior to the Redemption.

On March 6, 2023, the Company filed a certificate of elimination (the "Certificate of Elimination"), with the Secretary of State of the State of Delaware with respect to the Series A Preferred Stock. The Certificate of Elimination (i) eliminated the previous designation of 80,000 shares of Series A Preferred Stock from the Company's Certificate of Incorporation, none of which were outstanding at the time of the filing of the Certificate of Elimination, and (ii) caused such shares of Series A Preferred Stock to resume their status as authorized but unissued and non-designated shares of preferred stock.

Note 9. Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding adjusted to give effect to potentially dilutive securities. Restricted stock and unit awards, stock options, and warrants have not been included in the diluted loss per share calculation as their inclusion would have had an anti-dilutive effect.

The potential common stock equivalents that have been excluded from the computation of diluted loss per share consist of the following:

	Six months ended June 30,	
(in thousands)	**2023**	**2022**
Outstanding stock options	335	418
Restricted stock and unit awards	143	63
Stock purchase warrants	1	11
	479	492

Note 10. Income Taxes

The Company may be eligible, from time to time, to receive cash from the sale of its net operating losses under New Jersey's Department of the Treasury - Division of Taxation NOL Transfer Program. On January 10, 2023, the Company received a net cash payment of $211,000 from the sale of its New Jersey state net operating losses.

Note 11. Stock Based Compensation

The following table presents a summary of activity related to stock options during the six months ended June 30, 2023:

	Number of Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Outstanding, January 1, 2023	$ 440	$ 55.65	7.5
Granted	3		
Exercised	—		
Cancelled	(108)		
Outstanding, June 30, 2023	$ 335	$ 58.79	7.0
Exercisable, June 30, 2023	$ 236	$ 76.92	6.6

The intrinsic value is calculated as the difference between the fair market value at June 30, 2023 and the exercise price per share of the stock options. As of June 30, 2023, all options outstanding had no material intrinsic value. The options granted to employees generally vest over a three or four-year period.

The following table presents a summary of activity related to restricted and deferred stock units ("Stock Units") granted during the six months ended June 30, 2023:

	Number of Shares (in thousands)	Weighted Average Grant Date Fair Value
Nonvested, January 1, 2023	127	$ 11.85
Granted	—	
Vested	(11)	
Cancelled	—	
Nonvested, June 30, 2023	116	$ 11.06

In general, Stock Units granted to employees vest over two to four-year periods.

Immediately following the Company's annual meeting of stockholders, the Company generally grants each non-employee director an equity award that vests over a 12-month period. Upon a non-employee director's initial appointment or election to the board of directors, the Company grants such non-employee director an equity award subject to vesting as determined by the board of directors.

The Company recognized stock compensation expense for its equity awards as follows:

	Three months ended June 30,		Six months ended June 30,	
(in thousands)	**2023**	**2022**	**2023**	**2022**
Selling, general and administrative	$ 115	$ 676	$ 625	$ 1,381
Research and development	61	68	118	134
Cost of goods sold	7	8	12	14
Total expense	$ 183	$ 752	$ 755	$ 1,529

Total unrecognized compensation cost related to unvested awards as of June 30, 2023 was $1.3 million and is expected to be recognized over the next 1.2 years

Valuation Information for Stock-Based Compensation

The fair value of each stock option award during the three and six months ended June 30, 2023 and 2022 was estimated on the date of grant using the Black-Scholes model. Expected volatility was based on historical common stock volatility of the Company's peers. Beginning in December 2022, the Company began incorporating its historical common stock volatility at a weighting of 50% of the total composite volatility rate. During the remainder of 2023, the Company will continue to evaluate the volatility rate used to value stock options. The risk-free interest rate was based on the average U.S. Treasury rate that most closely resembled the expected life of the related award. The expected term of the award was calculated using the simplified method. No dividend was assumed as the Company does not pay regular dividends on its common stock and does not anticipate paying any dividends in the foreseeable future.

The weighted average assumptions used in the Black-Scholes option pricing model in valuing stock options granted in the three and six months ended June 30, 2023 and 2022 are summarized in the table below.

	Six months ended June 30,	
	2023	**2022**
Fair value at grant date	$ 3.46	$ 7.95
Expected volatility	114.0%	84.0%
Risk-free interest rate	3.9%	1.7%
Expected holding period, in years	6.0	6.0
Dividend yield	—%	—%

Note 12. Contingencies

Stockholders Litigation

On July 8, 2019, and August 1, 2019, purported stockholders of the Company served putative class action lawsuits in the Superior Court of New Jersey for Somerset County, captioned Paul Kuehl vs. electroCore, Inc., et al., Docket No. SOM-L 000876-19 and Shirley Stone vs. electroCore, Inc., et al., Docket No. SOM-L 001007-19, respectively. In addition to the Company, the defendants include present and past directors and officers, Evercore Group L.L.C., Cantor Fitzgerald & Co., JMP Securities LLC and BTIG, LLC, the underwriters for its IPO; and two of the Company's stockholders. On August 15, 2019, the Superior Court entered an order consolidating the Kuehl and Stone actions, which proceeded under Docket No. SOM-L 000876-19.

Each plaintiff was appointed a co-lead plaintiff. The plaintiffs filed a consolidated amended complaint, which sought certification of a class of stockholders who purchased common stock in the IPO or whose purchases are traceable to that offering. The consolidated amended complaint alleged that the defendants violated Sections 11, 12(a)(2) and 15 of the Securities Act with respect to the registration statement and related prospectus for the IPO. The complaint sought unspecified compensatory damages, interest, costs and attorneys' fees.

On December 14, 2021, the Superior Court granted the defendants' motion to dismiss based on the federal forum selection clause in our certificate of incorporation with prejudice and granted the defendants' motion to dismiss without prejudice. On January 27, 2022, the plaintiffs filed a notice of appeal to the Appellate Division. The appeal was fully briefed and oral argument was heard on April 19, 2023. On May 15, 2023, the Appellate Division unanimously affirmed the dismissal. The time for further appeals has expired.

On September 26, 2019, and October 31, 2019, purported stockholders of the Company served putative class action lawsuits in the United States District Court for the District of New Jersey captioned Allyn Turnofsky vs. electroCore, Inc., et al., Case 3:19-cv-18400, and Priewe vs. electroCore, Inc., et al., Case 1:19-cv-19653, respectively. In addition to the Company, the defendants include present and past directors and officers, and Evercore Group L.L.C., Cantor Fitzgerald & Co., JMP Securities LLC and BTIG, LLC, the underwriters for the IPO. The plaintiffs each seek to represent a class of stockholders who (i) purchased the Company's common stock in the IPO or whose purchases are traceable to the IPO, or (ii) who purchased common stock between the IPO and September 25, 2019. The complaints each alleged that the defendants violated Sections 11 and 15 of the Securities Act and Sections 10(b) and 20(a) of the Exchange Act, with respect to (i) the registration statement and related prospectus for the IPO, and (ii) certain post-IPO disclosures filed with the SEC. The complaints sought unspecified compensatory damages, interest, costs and attorneys' fees. The Priewe case was voluntarily dismissed on February 19, 2020.

In the Turnofsky case, on November 25, 2019, several plaintiffs and their counsel moved to be selected as lead plaintiff and lead plaintiff's counsel. On April 24, 2020, the Court granted the motion of Carole Tibbs and the firm Bragar, Eagel & Squire, P.C. On July 17, 2020, the plaintiffs filed an amended complaint in Turnofsky. In addition to the prior claims, the amended complaint added an additional director defendant and two investors as defendants and adds a claim against the Company and the underwriters for violating Section 12(a)(2) of the Securities Act.

On September 15, 2020, the Company and the other defendants filed a motion to dismiss the amended complaint for failure to state a claim. On November 6, 2020, the plaintiffs filed their opposition to the motion to dismiss. The Company and the other defendants filed reply papers in support of the motion on December 7, 2020. Argument of the motion to dismiss occurred on June 18, 2021. On August 13, 2021, the Court dismissed the amended complaint with leave to re-plead. On October 4, 2021, the plaintiffs filed a second amended complaint in the Turnofsky case. The defendants moved to dismiss, and briefing on the motion was complete on January 7, 2022. On July 13, 2023, the court dismissed the second amended complaint with leave to re-plead. The plaintiffs have until August 14, 2023, to file a third amended complaint if they so desire.

On March 4, 2021, purported stockholder Richard Maltz brought a purported stockholder derivative action in the United States District Court for the District of New Jersey. The action is captioned Richard Maltz, derivatively on behalf of electroCore, Inc., vs. Francis R. Amato, et al., Case 3:21-cv-04135. The defendants include present and past directors and officers of the Company. The plaintiff purports to pursue derivative claims on behalf of the Company in connection with the IPO and actions occurring between the IPO and September 25, 2019. The complaint alleges that demand on the board of directors is excused. The complaint purports to allege claims against the defendants for violating Section 14(a) of the Exchange Act, breaching fiduciary duties, unjust enrichment and waste of corporate assets. The complaint also purports to allege claims for contribution in connection with the Turnofsky case described above, pursuant to Section 11(f) of the Securities Act and Sections 10(b) and 21D of the Exchange Act. The complaint seeks unspecified compensatory damages, interest, costs and attorneys' fees; declaratory relief; and an order requiring changes to corporate governance and internal procedures and a vote on proposed amendments to the Bylaws and Certificate of Incorporation.

On March 8, 2021, purported stockholder Erin Yuson brought a purported stockholder derivative action in the United States District Court for the District of New Jersey. The action is captioned Erin Yuson, derivatively on behalf of electroCore, Inc., vs. Francis R. Amato, et al., Case 3:21-cv-04481. The defendants include present and past directors and officers of the Company. The plaintiff purports to pursue derivative claims on behalf of the Company in connection with a 2019 proxy statement and actions occurring from the IPO through September 25, 2019. The complaint alleges that demand on the board of directors is excused. The complaint purports to allege claims against the defendants for violating Section 14(a) of the Exchange Act and breaching fiduciary duties. The complaint seeks unspecified compensatory damages, interest, costs and attorneys' fees; declaratory relief; and an order requiring changes to corporate governance and internal procedures and a vote on proposed amendments to the Bylaws and Certificate of Incorporation.

The plaintiffs in the Maltz and Yuson derivative actions agreed to consolidate and stay those actions. The actions are stayed until and through the resolution of any motion for summary judgment in the Turnofsky federal securities class action. A stipulation to that effect was filed by the plaintiffs on April 14, 2021, and ordered by the court on April 30, 2021. On June 9, 2023, the cases were administratively dismissed without prejudice.

The Company intends to continue to vigorously defend itself in these matters. However, in light of, among other things, the preliminary stage of these litigation matters, the Company is unable to determine the reasonable probability of loss or a range of potential loss. Accordingly, the Company has not established an accrual for potential losses, if any, that could result from any unfavorable outcome, and there can be no assurance that these litigation matters will not result in substantial defense costs and/or judgments or settlements that could adversely affect the Company's financial condition.

The Company is subject to various claims, complaints and legal actions in the normal course of business from time to time. The Company is not aware of any further currently pending litigation for which it believes the outcome could have a material adverse effect on its operations or financial position. The Company expenses associated legal fees including those relating to the stockholder litigation described in this Note 12 in the period they are incurred.

Note 13. Severance and other related charges

In the first quarter of 2023, the Company entered into separation agreements with two former employees which agreements required an aggregate of payments of $332,000. The charge for these payments is included in Selling, general and administrative expense in the accompanying Condensed Statement of Operations for the six months ended June 30, 2023. As of June 30, 2023, the Company has an outstanding payable of $207,000 in connection with these charges. This outstanding payable is included in Accrued expenses and other current liabilities in the accompanying Condensed Consolidated Balance Sheet as of June 30, 2023 (see Note 7).

Note 14. Subsequent Events

Securities Purchase Agreements

On July 31, 2023, the Company entered into a Securities Purchase Agreement ("First SPA") in connection with a registered direct offering and concurrent private placement with certain institutional and accredited investors pursuant to which the Company issued and sold an aggregate of 1,675,914 shares of common stock (or pre-funded common stock purchase warrants) and warrants to purchase up to an aggregate of 837,955 shares of common stock. On July 31, 2023, the Company also entered into a Securities Purchase Agreement ("Second SPA") in connection with a concurrent private placement with certain of the Company's officers and directors pursuant to which the Company issued and sold 169,968 shares of common stock and warrants to purchase up to an aggregate of 84,982 shares of common stock. The combined effective offering price of the securities sold pursuant to the First SPA and the Second SPA was $4.4125 per share of common stock and related common stock purchase warrant. The common stock purchase warrants will be exercisable commencing six months after the date of issuance at a price of $4.35 per share and will expire five years after they first become exercisable. The net proceeds to the Company resulting from the First SPA and Second SPA was approximately $7.5 million, after deducting the placement agent fees and expenses, and other offering expenses payable by the Company, and excluding the proceeds, if any, from the exercise of the common stock purchase warrants sold in the concurrent private placements. The Company currently intends to use the net proceeds from these sales for sales and marketing, working capital, and general corporate purposes.

Finance and Security Agreement

On July 5, 2023, the Company entered into a Commercial Insurance Premium Finance and Security Agreement (the "2023 Agreement"). The 2023 Agreement provides for a single borrowing by the Company of approximately $618,000 with a ten-month term and an annual interest rate of 6.03%. The proceeds from this transaction were used to partially fund the premiums due under certain of the Company's insurance policies. The amounts payable are secured by the Company's rights under such policies. The Company began paying monthly installments of approximately $62,000 in July 2023.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this section in conjunction with our unaudited interim condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes thereto and management’s discussion and analysis of financial condition and results of operations for the year ended December 31, 2022 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission, or SEC. As discussed in the section titled “Cautionary Note Regarding Forward-Looking Statements,” the following discussion and analysis contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those under the caption "Risk Factors" in the aforementioned Annual Report and this Form 10-Q.

Note: Information concerning the shares of our common stock and related share prices in this Item 2 has been adjusted to reflect the 1- for-15 reverse split of our common stock that was made effective on February 15, 2023. (See *Note 2 - “Basis of Presentation”* to the accompanying condensed consolidated financial statements).

Overview

We are a commercial stage bioelectronic medicine and wellness company dedicated to improving health through our non-invasive vagus nerve stimulation (“nVNS”) technology platform. Our focus is the commercialization of medical devices for the management and treatment of certain medical conditions and the development and commercialization of consumer product offerings utilizing nVNS to promote general wellbeing and human performance in the United States and select overseas markets.

nVNS is a platform bioelectronic technology that modulates neurotransmitters and immune function through its effects on both the peripheral and central nervous systems. Our nVNS treatment is delivered through a proprietary high-frequency burst waveform that safely and comfortably passes through the skin and stimulates therapeutically relevant fibers in the vagus nerve. Various scientific publications suggest that nVNS works through several mechanistic pathways including the modulation of neurotransmitters.

Historically, vagus nerve stimulation or VNS, required an invasive surgical procedure to implant a costly medical device. This limitation has generally limited VNS from being used by anyone other than the most severe patients. Our medical devices and wellness products are self-administered and intended for regular or intermittent use over many years.

Our business is supported by our in-house capabilities spanning research and development, regulatory affairs and compliance, sales and marketing, product testing, assembly, fulfillment, and customer support. We derive revenues from the sale of medical devices and wellness products in the United States and select overseas markets. We have two principal product categories:

- Handheld, personal use medical devices for the management and treatment of certain medical conditions; and
- Handheld, personal use consumer product offerings utilizing nVNS technology to promote general wellbeing and human performance.

We believe our nVNS treatment may be used in the future to effectively treat additional medical conditions, promote general wellbeing, or improve human performance.

Our goal is to be a leader in non-invasive neuromodulation by using our proprietary nVNS platform technology to deliver better health. To achieve this, we offer multiple propositions:

- Prescription gammaCore medical devices for the treatment of certain medical conditions such as primary headache;
- Our Truvaga product for the support of general health and wellbeing; and
- Our TAC-STIM product for human performance as defined by the United States Air Force Research Laboratory.

Our gammaCore product is a prescription medical device currently FDA cleared for a variety of primary headache conditions. It is available by prescription only and our flagship model, gammaCore Sapphire, is a portable, reusable, rechargeable and reloadable personal use option for patients to use at home or on the go. Prescriptions are written by a health care provider and dispensed from a specialty pharmacy, through the patient's healthcare provider or fulfilled directly to certain patients directly from our facility in Rockaway, NJ. After the initial prescription is filled, access to additional therapy can be refilled for certain of our gammaCore medical devices periodically through the input of a prescription-only authorization.

Our Truvaga product is a personal use consumer electronics wellness product that does not require a prescription and is available direct-to-consumer from electroCore at www.truvaga.com. Our Truvaga product is not intended for medical use.

Our TAC-STIM product is a form of nVNS for human performance and has been developed in collaboration with the United States Department of Defense Biotech Optimized for Operational Solutions and Tactics, or "BOOST" program.

In June 2023, we announced that our TAC-STIM product, had been selected to be a part of the Air Force Research Laboratories, or "AFRL", Real-Time Assessing and Augmenting Cognitive Performance in Extreme Environments, or "A2PEX" Grant Program. A2PEX is a five-year project led by the Florida Institute for Human and Machine Cognition, or "IHMC" that includes internationally recognized leaders in wearable technologies from industry and academia. The goal of A2PEX is to build a wearable system to sense, assess and augment cognitive performance in operational environments. Sensors developed by A2PEX partners will develop electrophysiological and biomarker sensors to assess Airmen stress/fatigue in extreme environments. electroCore's proprietary TAC-STIM nVNS product has been commissioned by IHMC for integration into the A2PEX system with the goal of mitigating fatigue and augmenting performance.

We are exploring strategies to make our TAC-STIM product available to other branches of the active-duty military and certain human performance professionals in the United States and abroad.

Our TAC-STIM product is not a medical device and is not intended to diagnose, cure, mitigate, prevent, or treat a disease or condition.

We have focused most of our historical sales efforts in two channels, the United States Department of Veterans Affairs and United States Department of Defense, or VA/DoD, and the United Kingdom utilizing our FDA cleared and CE marked product, gammaCore medical device.

The United States Department of Veteran Affairs comprised 58.6% and 59.8% of our revenue during the three and six months ended June 30, 2023, respectively. We expect that a majority of our 2023 sales will be made pursuant to our qualifying contract under the Federal Supply Schedule or FSS, which was secured by us in December 2018, as well as open market sales to individual facilities within the government channels. The FSS is scheduled to expire on January 15, 2024. We have submitted a renewal application for extension of our qualifying contract under the FSS from the Department of Veterans Affairs Office of Procurement and Logistics, but there is no assurance the FSS will be renewed, if at all, or renewed at terms favorable to us. Our sales function in this channel is comprised of electroCore employees and independent contractors.

Sales under the Med Tech Funding Mandate, or MTFM, program for cluster headache in the UK comprised 8.0% and 8.7% of our revenue during the three and six months ended June 30, 2023, respectively. During the remainder of 2023, we plan on continued expansion under this program, as well as continue to utilize distribution partners to commercialize our nVNS technology in territories outside the United States and United Kingdom. In 2023, we expect NICE to review the guidance document and any changes in recommendation or pricing may adversely impact our ability to work with NHS England on the MTFM program.

We believe there may be significant opportunities beyond these two areas. Specifically, we believe there may be a large commercial opportunity for our gammaCore medical device with additional insurance covered lives, cash pay, physician dispense, and direct-to-consumer approaches, along with wellness and human performance propositions through our Truvaga and TAC-STIM products. Therefore, during the remainder of 2023, we will continue our investments to expand our efforts in these channels and markets.

We face a variety of challenges and risks that we will need to address and manage as we pursue our strategies, including our ability to develop and retain an effective sales force, achieve market acceptance of our gammaCore medical device among physicians, patients, and third-party payers, expand the use of our gammaCore medical device to additional therapeutic indications, and to develop our nascent wellness and human performance business.

Because of the numerous risks and uncertainties associated with our commercialization efforts, as well as research and product development activities, we are unable to predict the timing or amount of increased expenses, or when, if ever, we will be able to achieve or maintain profitability. Even if we are able to increase sales of our products, we may not become profitable. If we fail to become profitable or are unable to sustain profitability, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

Our expected cash requirements for the next 12 months and beyond are based on the commercial success of our products and our ability to control operating expenses. There are significant risks and uncertainties as to our ability to achieve these operating results. Due to these risks and uncertainties, we may need to reduce our activities significantly more than our current operating plan and cash flow projections assume in order to fund operations for the next 12 months. There can be no assurance that we will have sufficient cash flow and liquidity to fund our planned activities, which could force us to significantly reduce or curtail our activities and, ultimately, potentially cease operations. These conditions raise substantial doubt about our ability to continue as a going concern. See "Liquidity Outlook."

Critical Accounting Policies and Estimates

The significant accounting policies and basis of presentation of our condensed consolidated financial statements are described in *Note 2 "Summary of Significant Accounting Policies"* of the consolidated financial statements included *in our Annual Report on Form 10-K, filed with the Securities and Exchange Commissio*n, or SEC on March 8, 2023 ("2022 Annual Report"), and in Note 2 "Summary of Significant Accounting Policies" of the condensed consolidated financial statements included within this quarterly report on Form 10-Q.

The preparation of our financial statements is in accordance with accounting principles generally accepted in the United States of America, or GAAP, which require us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and other related disclosures. While we believe our estimates, assumptions and judgments are reasonable, they are based on information presently available. Actual results may differ significantly from these estimates due to changes in judgments, assumptions and conditions as a result of unforeseen events or otherwise, which could have a material impact on our financial position and results of operations.

The critical accounting policies, and the judgements, estimates, and assumptions associated with such policies, that we believe have the greatest potential impact on the condensed consolidated financial statements are disclosed in the section titled *Critical Accounting Policies and Estimates* in Part II of our 2022 Annual Report.

Results of Operations

Comparison of the three months ended June 30, 2023 to the three months ended June 30, 2022

The following table sets forth amounts from our condensed consolidated statements of operations for the three months ended June 30, 2023 and 2022:

	For the three months ended June 30,		
(in thousands)	**2023**	**2022**	**Change**
Consolidated statements of operations:			
Net sales	$ 3,551	$ 2,157	$ 1,394
Cost of goods sold	585	358	227
Gross profit	2,966	1,799	1,167
Operating expenses			
Research and development	1,155	1,341	(186)
Selling, general and administrative	6,799	6,278	521
Total operating expenses	7,954	7,619	335
Loss from operations	(4,988)	(5,820)	832
Other (income) expense			
Interest and other income	(85)	(38)	(47)
Total other (income) expense	(85)	(38)	(47)
Loss before income taxes	(4,903)	(5,782)	879
Benefit from income taxes	—	445	(445)
Net loss	$ (4,903)	$ (5,337)	$ 434

Net Sales

Net sales for the three months ended June 30, 2023 increased 65% as compared to the three months ended June 30, 2022. The increase of $1.4 million is due to an increase in net sales across major U.S. channels including our prescription gammaCore medical devices sold through the U.S. Department of Veteran Affairs and physician dispense channel; and revenue from the sales of our nonprescription human performance TAC-STIM and Truvaga products.

The following table sets forth our product net sales:

(in thousands)	Three months ended June 30,	
Product	**2023**	**2022**
Rx gammaCore - Department of Veteran Affairs and Department of Defense	$ 2,081	$ 1,190
Rx gammaCore - U.S. Commercial	441	465
Outside the United States	424	467
Truvaga	290	—
TAC-STIM	311	—
Other	4	35
	$ 3,551	$ 2,157

Gross Profit

Gross profit increased by $1.2 million for the three months ended June 30, 2023 compared to the three months ended June 30, 2022. Gross margin was 84% and 83% for the three months ended June 30, 2023 and 2022, respectively. Our evolving commercial strategy has resulted in the launch of cash payment models under which we license a portion of our devices. The cost of the licensed device is being recognized as cost of goods sold over the estimated useful life of the device. The incremental increase in gross margin associated with the licensing of a portion of our devices was 8.9% in the three months ended June 30, 2022, and there was no effect in the current quarter. In recent quarters, we have sold an increasing number of longer duration therapy, resulting in a higher average selling price, as well as selling an increased number of refill kits with a lower cost of goods.

Research and Development

Research and development expense for the three months ended June 30, 2023 of $1.2 million decreased $186,000 as compared to the prior year period. This decrease in research and development expense was due to a decrease in compensation associated with cost cutting measures effected April 1, 2023 offset by our targeted investments to support the future iterations of our therapy delivery platform, including the use of our intellectual property around the delivery of smart phone-integrated and smart phone-connected non-invasive therapies.

Selling, General and Administrative

Selling, general and administration expense of $6.8 million for the three months ended June 30, 2023 increased by $521,000, or 8%, as compared to $6.3 million for the previous year period. This increase was due to our continuing targeted investments in sales and marketing to support our commercial efforts, offset by decreases in insurance and stock-based compensation expense.

Other (Income) Expense

The increase in Other (Income) Expense is primarily due to rising interest rates associated with our cash equivalents.

Benefit From Income Taxes

The Benefit from income taxes of $445,000 for the three months ended June 30, 2022 primarily represents the sale of our 2022 state net operating losses and research and development tax credits under the State of New Jersey’s NOL Transfer Program. We may be eligible, from time to time, to receive cash from the sale of our net operating losses under New Jersey's Department of the Treasury - Division of Taxation NOL Transfer Program.

Comparison of the six months ended June 30, 2023 to the six months ended June 30, 2022

The following table sets forth amounts from our condensed consolidated statements of operations for the six months ended June 30, 2023 and 2022:

	For the six months ended June 30,		
	2023	2022	Change
		(in thousands)	
Consolidated statements of operations:			
Net sales	$ 6,331	$ 4,056	$ 2,275
Cost of goods sold	1,043	718	325
Gross profit	5,288	3,338	1,950
Operating expenses			
Research and development	2,964	2,275	689
Selling, general and administrative	13,509	12,464	1,045
Total operating expenses	16,473	14,739	1,734
Loss from operations	(11,185)	(11,401)	216
Other (income) expense			
Interest and other income	(204)	(42)	(162)
Other expense	—	5	(5)
Total other (income) expense	(204)	(37)	(167)
Loss before income taxes	(10,981)	(11,364)	383
Benefit for income taxes	211	445	(234)
Net loss	$ (10,770)	$ (10,919)	$ 149

Net Sales

Net sales increased 56% for the six months ended June 30, 2023 compared to the prior year period. The increase of $2.3 million is due to an increase in net sales across all major channels including the sale of our prescription gammaCore medical devices in our U.S. Department of Veteran Affairs and U.S. commercial channel, and revenue from the sales of our nonprescription TAC-STIM and Truvaga products. We expect that the majority of remaining 2023 fiscal year revenue will continue to come from our U.S. channels. The amount of revenue we recognize from the sale of our TAC-STIM product, however, may fluctuate significantly from quarter to quarter.

The following table sets forth our channel net sales:

(in thousands)	Six months ended June 30,	
Product	**2023**	**2022**
Rx gammaCore - Department of Veteran Affairs and Department of Defense	$ 3,786	$ 2,430
Rx gammaCore - U.S. Commercial	871	741
Outside the United States	834	772
Truvaga	437	—
TAC-STIM	399	—
Other	4	113
	$ 6,331	$ 4,056

Gross Profit

Gross profit increased $2.0 million for the six months ended June 30, 2023 compared to the prior year. Gross margin increased to 84% for the six months ended June 30, 2023 compared to 82% for the six months ended June 30, 2022. Our evolving commercial strategy has resulted in the launch of cash payment models under which we license a portion of our devices. The cost of the licensed device is being recognized as cost of goods sold over the estimated useful life of the device. The incremental increase in gross margin associated with the licensing of a portion of our devices was 2.9% and 7.9% in the six months ended June 30, 2023 and 2022, respectively. In recent quarters, we have sold an increasing number of longer duration therapy, resulting in a higher average selling price, as well as selling an increased number of refill kits with a lower cost of goods. Gross profit and gross margin in the remainder of 2023 will be largely dependent on revenue levels, product mix, and any changes in the estimated useful lives of licensed devices.

Research and Development

Research and development expense increased by $689,000 or 30% for the six months ended June 30, 2023 compared to the prior year period. This increase was primarily due to targeted investments to support the future iterations of our therapy delivery platform, including the use of our intellectual property around the delivery of smart phone-integrated and smart phone-connected non-invasive therapies. This increase was partially offset by a decrease in compensation expense associated with cost cutting measures effected April 1, 2023. In the remainder of 2023, we plan to continue to invest in the next generation of our therapy delivery platform, although we expect our level of investment to decrease during the remainder of the year.

Selling, General and Administrative

Selling, general and administrative expense of $13.5 million for the six months ended June 30, 2023 increased $1.0 million compared to $12.5 million for the previous year period. This increase was due to severance charges of $332,000, as well as our continuing targeted investments in sales and marketing to support our commercial efforts, offset by decreases in insurance and stock-based compensation expenses. In the remainder of 2023, we plan on continuing to make targeted investments in sales and marketing to support our commercial efforts, particularly around sales and marketing efforts across all major channels.

Other (Income) Expense

The increase in Other (Income) Expense is primarily due to rising interest rates.

Benefit from Income Taxes

We may be eligible, from time to time, to receive cash from the sale of our net operating losses under New Jersey's Department of the Treasury - Division of Taxation NOL Transfer Program. On January 10, 2023, we received a payment of approximately $211,000 from the sale of our New Jersey state net operating losses.

Cash Flows

The following table sets forth the significant sources and uses of cash for the periods noted below:

	For the six months ended June 30,	
	2023	**2022**
(in thousands)		
Net cash (used in) provided by		
Operating activities	$ (9,172)	$ (8,024)
Investing activities	$ (91)	$ —
Financing activities	$ —	$ —

Operating Activities

Net cash used in operating activities was $9.2 million and $8.0 million for the six months ended June 30, 2023 and 2022, respectively. This increase is primarily due to the increase in our net loss adjusted for non-cash expense items.

Investing Activities

During the six months ended June 30, 2023, cash used in investing activities was related to equipment purchases. No cash was provided by investing activities during the six months ended June 2022.

Financing Activities

No cash was provided by financing activities during the six months ended June 30, 2023 and 2022.

Liquidity Outlook

In the remainder of 2023, we expect to continue to incur substantial negative cash flows from operations. We intend to continue to make targeted investments in sales and marketing, as well as the next generation of our therapy delivery platform.

We expect that a majority of our remaining 2023 sales will be made pursuant to our qualifying contract under the Federal Supply Schedule, or FSS, as well as open market sales to individual facilities within the government channels. The FSS is scheduled to expire on January 15, 2024. We have submitted a renewal application for extension of our qualifying contract under the FSS from the Department of Veterans Affairs Office of Procurement and Logistics, but there is no assurance the FSS will be renewed, if at all, or renewed at terms favorable to us. In addition, other possible changes including those relating to the payer and competitive landscape, our commercialization strategy, our development activities, and regulatory matters, may occur beyond our control that would cause us to consume our available capital more quickly.

We have historically funded our operations from the sale of our common stock. On July 31, 2023, we entered into a registered direct offering with certain institutional and accredited investors, and concurrent private placements with certain of our officers and directors, resulting in net proceeds of approximately $7.5 million after deducting the placement agent fees and expenses, and other offering expenses payable by us.

Our expected cash requirements for the next 12 months and beyond are largely based on the commercial success of our products. We believe our cash and cash equivalents will enable us to fund our operating expenses, working capital, and capital expenditure requirements, as currently planned, through 12 months from the date of the accompanying financial statements. There are significant risks and uncertainties as to our ability to achieve these operating results. Due to these risks and uncertainties, there can be no assurance that we will have sufficient cash flow and liquidity to fund our planned activities, which could force us to significantly reduce or curtail our activities and, ultimately, potentially cease operations. These conditions raise substantial doubt about our ability to continue as a going concern within one year of the date these accompanying financial statements are issued. The accompanying financial statements do not include any adjustment that might result from the outcome of this uncertainty.

On January 18, 2022, we filed a Form S-3 registration statement, or the 2022 Shelf Registration Statement, with the SEC, for the issuance of common stock, preferred stock, warrants, rights, debt securities and units, which we refer to collectively as the Shelf Securities, up to an aggregate amount of $75.0 million. The 2022 Shelf Registration Statement was declared effective on January 25, 2022. The proposed maximum offering price per unit and the proposed maximum aggregate offering price per class of security will be determined from time to time by us in connection with the issuance by us of the securities registered under the 2022 Shelf Registration Statement. Until such time as the aggregate market value of our securities held by non-affiliates equals or exceeds $75.0 million, the aggregate maximum offering price of all securities issued by us in any given 12-calendar month period pursuant to this and any of our other registration statements may not exceed one-third of the aggregate market value of our securities held by non-affiliates. Approximately $7.3 million of the securities issued or issuable pursuant to our July 31, 2023 Registered Direct Financing were issued pursuant to the 2022 Shelf Registration Statement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We develop our products in the United States and sell those products into several countries. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Most of our sales in Europe are denominated in British Pound Sterling and our license agreement with Teijin is denominated in Japanese Yen. As our sales in currencies other than the U.S. dollar increase, our exposure to foreign currency fluctuations may increase. In addition, changes in exchange rates also may affect the end-user prices of our products compared to those of our foreign competitors, who may be selling their products based on local currency pricing. These factors may make our products less competitive in some countries.

If the U.S. dollar uniformly increased or decreased in strength by 10% relative to the foreign currencies in which our sales were denominated, our net income would have correspondingly increased or decreased by an immaterial amount for the three months ended June 30, 2023.

Our exposure to market interest rate risk is confined to our cash and cash equivalents and marketable securities. The goals of our investment policy are preservation of capital, fulfillment of liquidity needs and fiduciary control of cash and investments. We also seek to maximize income from our investments without assuming significant risk. To achieve our goals, we may maintain a portfolio of cash equivalents and investments in a variety of securities of high credit quality. The securities in our investment portfolio, if any, are not leveraged, are classified as available for sale and are, due to their very short-term nature, subject to minimal interest rate risk. We currently do not hedge interest rate exposure. Because of the short-term maturities of our cash equivalents, we do not believe that an increase in market rates would have any material negative impact on interest income recognized in our statement of operations. We have no investments denominated in foreign currencies and therefore our investments are not subject to foreign currency exchange risk. We contract with investigational sites, suppliers and other vendors in Europe and internationally. In addition, our license agreement requires payments to us to be denominated in Japanese Yen. We are subject to fluctuations in foreign currency rates in connection with these agreements. We do not hedge our foreign currency exchange rate risk.

All of the potential changes noted above are based on sensitivity analyses performed on our financial position as of June 30, 2023.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms, and that such information is accumulated and communicated to us, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decision making regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and we apply our judgment in evaluating whether the benefits of the controls and procedures that we adopt outweigh their costs.

As required by Rule 13a-15(b) of the Exchange Act, an evaluation as of June 30, 2023 was conducted under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of June 30, 2023 were effective for the purposes stated above.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that occurred during the three months ended June 30, 2023 that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

PART II— OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The information set forth in Note 12. *Commitments and Contingencies* of the condensed consolidated financial statements included with this quarterly report on Form 10-Q is incorporated here by reference to this Part II Item 1.

Item 1A.

RISK FACTORS

The risks described in “Risk Factors” within our 2022 Annual Report and our Quarterly Report on Form 10-Q filed with the SEC on May 3, 2023 (“Q1 10-Q”), respectively could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. The Risk Factors section in the 2022 Annual Report and Q1 10-Q, remain current in all material respects. These risk factors do not identify all risks that we face. Our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Refer also to the other information set forth in this Form 10-Q, including in the Forward-Looking Statements, MD&A, and Condensed Consolidated Financial Statements sections.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

(a) Not applicable.

(b) Not applicable.

(c) Trading Plans

During the quarter ended June 30, 2023, no director or Section 16 officer adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K promulgated by the Securities and Exchange Commission).

Item 6. ***EXHIBITS***

Exhibit Number	Description
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
*** Incorporated by reference to the Company's Current Report on Form 10-K as filed with the Commission on March 8, 2023

SIGNATURES

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

	Company Name
Date: August 9, 2023	By: /s/ DANIEL S. GOLDBERGER **Daniel S. Goldberger** **Chief Executive Officer** **(Principal Executive Officer)**
Date: August 9, 2023	By: /s/ BRIAN M. POSNER **Brian M. Posner** **Chief Financial Officer** **(Principal Financial and Accounting Officer)**

EXHIBIT 31.1

CERTIFICATION

I, Daniel S. Goldberger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of electroCore, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ Daniel S. Goldberger
Daniel S. Goldberger
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Brian M. Posner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of electroCore, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023

/s/ BRIAN M. POSNER

Brian M. Posner
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of electroCore, Inc, (the "Company") for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Daniel S. Goldberger, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to the best of my knowledge:

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

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

Date: August 9, 2023	/s/ Daniel S. Goldberger
	Daniel S. Goldberger
	Chief Executive Officer
	(Principal Executive Officer)

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of electroCore, Inc. (the “Company”) for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Brian M. Posner, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to the best of my knowledge:

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

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

Date: August 9, 2023	/s/ BRIAN M. POSNER
	Brian M. Posner
	Chief Financial Officer
	(Principal Financial and Accounting Officer)