

**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, 2022

OR

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

Commission File Number 001-33624

**SINTX Technologies, Inc.**

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction  
of incorporation or organization)

1885 West 2100 South, Salt Lake City, UT  
(Address of principal executive offices)

84-1375299  
(IRS Employer  
Identification No.)

84119  
(Zip Code)

(801) 839-3500  
(Registrant's telephone number, including area code)

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

| Title of each class | Trading Symbols | Name of each exchange on which registered |
|---------------------|-----------------|---|
| Common Stock        | SINT            | 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 and post such files): Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See 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 | <input type="checkbox"/> | Accelerated filer         | <input type="checkbox"/>            |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |
|                         |                          | Emerging growth company   | <input type="checkbox"/>            |

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

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

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

24,723,856 shares of common stock, \$0.01 par value, were outstanding at August 9, 2022.

**SINTX Technologies, Inc.**  
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**SINTX Technologies, Inc.**  
**Condensed Consolidated Balance Sheets - Unaudited**  
(in thousands, except share and per share data)

|   | <u>June 30,<br/>2022</u> | <u>December 31,<br/>2021</u> |
|---|--------------------------|------------------------------|
| <b>Assets</b>   |                          |                              |
| Current assets:   |                          |                              |
| Cash and cash equivalents   | \$ 7,747                 | \$ 14,273                    |
| Account and other receivables, net of allowance   | 268                      | 102                          |
| Prepaid expenses and other current assets   | 762                      | 350                          |
| Inventories   | 346                      | 303                          |
| Other current assets  | 105                      | -                            |
| Total current assets  | <u>9,228</u>             | <u>15,028</u>                |
| Inventories   | 429                      | 294                          |
| Property and equipment, net   | 5,085                    | 4,025                        |
| Intangible assets, net  | 29                       | 31                           |
| Operating lease right of use asset  | 2,643                    | 2,385                        |
| Other long-term assets  | 80                       | 77                           |
| Total assets  | <u>\$ 17,494</u>         | <u>\$ 21,840</u>             |
| <b>Liabilities and Stockholders' Equity</b>   |                          |                              |
| Current liabilities:  |                          |                              |
| Accounts payable  | \$ 372                   | \$ 242                       |
| Accrued liabilities   | 1,552                    | 1,150                        |
| Current portion of debt   | 6                        | 509                          |
| Current portion of related party debt   | 142                      | -                            |
| Derivative liabilities  | 198                      | 347                          |
| Current portion of operating lease liability  | 705                      | 500                          |
| Other current liabilities   | 2                        | -                            |
| Total current liabilities   | <u>2,977</u>             | <u>2,748</u>                 |
| Debt, net of current portion  | 393                      | -                            |
| Related party debt, net of current portion  | 107                      | -                            |
| Operating lease liability, net of current portion   | 1,968                    | 1,898                        |
| Total liabilities   | <u>5,445</u>             | <u>4,646</u>                 |
| <b>Commitments and Contingencies</b>  |                          |                              |
| <b>Stockholders' Equity:</b>  |                          |                              |
| Convertible preferred stock Series B, \$0.01 par value, 130,000,000 total shares authorized inclusive of all series of preferred; 26 shares issued and outstanding as of June 30, 2022 and December 31, 2021. | -                        | -                            |
| Convertible preferred stock Series C, \$0.01 par value, 130,000,000 total shares authorized inclusive of all series of preferred; 51 shares issued and outstanding as of June 30, 2022 and December 31, 2021. | -                        | -                            |
| Common stock, \$0.01 par value, 250,000,000 shares authorized; 24,719,574 and 24,710,574 shares issued and outstanding as of June 30, 2022 and December 31, 2021, respectively.                               | 247                      | 247                          |
| Additional paid-in capital  | 267,576                  | 267,364                      |
| Accumulated deficit   | (255,774)                | (250,417)                    |
| Total stockholders' equity  | <u>12,049</u>            | <u>17,194</u>                |
| Total liabilities and stockholders' equity  | <u>\$ 17,494</u>         | <u>\$ 21,840</u>             |

The condensed consolidated balance sheet as of December 31, 2021, has been prepared using information from the audited consolidated balance sheet as of that date.

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

**SINTX Technologies, Inc.**  
**Condensed Consolidated Statements of Operations - Unaudited**  
(in thousands, except share data)

|  | Three Months Ended<br>June 30, |            | Six Months Ended<br>June 30, |            |
|--|--------------------------------|------------|------------------------------|------------|
|  | 2022                           | 2021       | 2022                         | 2021       |
| Product revenue                                | \$ 80                          | \$ 101     | \$ 181                       | \$ 202     |
| Grant revenue                                  | 160                            | -          | 189                          | -          |
| Total revenue                                  | 240                            | 101        | 370                          | 202        |
| Costs of revenue                               | 66                             | 73         | 146                          | 134        |
| Gross profit                                   | 174                            | 28         | 224                          | 68         |
| Operating expenses:                            |                                |            |                              |            |
| Research and development                       | 1,476                          | 1,204      | 3,128                        | 2,799      |
| General and administrative                     | 993                            | 858        | 1,849                        | 1,858      |
| Sales and marketing                            | 338                            | 329        | 732                          | 615        |
| Grant expenses                                 | 150                            | -          | 176                          | -          |
| Total operating expenses                       | 2,957                          | 2,391      | 5,885                        | 5,272      |
| Loss from operations                           | (2,783)                        | (2,363)    | (5,661)                      | (5,204)    |
| Other income (expenses):                       |                                |            |                              |            |
| Interest expense                               | -                              | (1)        | (8)                          | (1)        |
| Interest income                                | 2                              | 49         | 3                            | 96         |
| Loss on disposal of assets                     | (1)                            | -          | (1)                          | -          |
| Change in fair value of derivative liabilities | 108                            | (14)       | 148                          | (256)      |
| Forgiveness of PPP loan                        | -                              | -          | -                            | 391        |
| Other income, net                              | 162                            | 130        | 162                          | 142        |
| Total other income (expense), net              | 271                            | 164        | 304                          | 372        |
| Net loss before income taxes                   | (2,512)                        | (2,199)    | (5,357)                      | (4,832)    |
| Provision for income taxes                     | -                              | -          | -                            | -          |
| Net loss                                       | \$ (2,512)                     | \$ (2,199) | \$ (5,357)                   | \$ (4,832) |
| Net loss per share – basic and diluted         |                                |            |                              |            |
| Basic – net loss                               | \$ (0.10)                      | \$ (0.09)  | \$ (0.22)                    | \$ (0.20)  |
| Diluted –net loss                              | \$ (0.10)                      | \$ (0.09)  | \$ (0.22)                    | \$ (0.20)  |
| Weighted average common shares outstanding:    |                                |            |                              |            |
| Basic  | 24,716,558                     | 24,687,916 | 24,714,403                   | 24,678,084 |
| Diluted  | 25,078,721                     | 24,687,916 | 25,080,590                   | 24,678,084 |

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

**SINTX Technologies, Inc.**  
**Condensed Consolidated Statements of Stockholders' Equity - Unaudited**  
(in thousands, except share and per share data)

|   | <u>Preferred B Stock</u> |               | <u>Preferred C Stock</u> |               | <u>Common Stock</u> |               | <u>Paid-In Capital</u> | <u>Accumulated Deficit</u> | <u>Total Equity</u> |
|---|--------------------------|---------------|--------------------------|---------------|---------------------|---------------|------------------------|----------------------------|---------------------|
|   | <u>Shares</u>            | <u>Amount</u> | <u>Shares</u>            | <u>Amount</u> | <u>Shares</u>       | <u>Amount</u> |                        |                            |                     |
| <b>Balance as of December 31, 2020</b>                          | 26                       | \$ -          | 51                       | \$ -          | 24,552,409          | \$ 245        | \$ 266,666             | \$ (241,107)               | \$ 25,804           |
| Stock based compensation  | -                        | -             | -                        | -             | -                   | -             | 36                     | -                          | 36                  |
| Extinguishment of derivative liability upon exercise of warrant | -                        | -             | -                        | -             | -                   | -             | 195                    | -                          | 195                 |
| Issuance of common stock upon exercise of warrants for cash     | -                        | -             | -                        | -             | 130,275             | 2             | 194                    | -                          | 196                 |
| Issuance of common stock from the cashless exercise of warrants | -                        | -             | -                        | -             | 1,890               | -             | -                      | -                          | -                   |
| Net loss  | -                        | -             | -                        | -             | -                   | -             | -                      | (2,633)                    | (2,633)             |
| <b>Balance as of March 31, 2021</b>                             | 26                       | -             | 51                       | -             | 24,684,574          | 247           | 267,091                | (243,740)                  | 23,598              |
| Stock based compensation  | -                        | -             | -                        | -             | 15,500              | -             | 80                     | -                          | 80                  |
| Net loss  | -                        | -             | -                        | -             | -                   | -             | -                      | (2,199)                    | (2,199)             |
| <b>Balance as of June 30, 2021</b>                              | 26                       | \$ -          | 51                       | \$ -          | 24,700,074          | \$ 247        | \$ 267,171             | \$ (245,939)               | \$ 21,479           |
|   | <u>Preferred B Stock</u> |               | <u>Preferred C Stock</u> |               | <u>Common Stock</u> |               | <u>Paid-In Capital</u> | <u>Accumulated Deficit</u> | <u>Total Equity</u> |
|   | <u>Shares</u>            | <u>Amount</u> | <u>Shares</u>            | <u>Amount</u> | <u>Shares</u>       | <u>Amount</u> |                        |                            |                     |
| <b>Balance as of December 31, 2021</b>                          | 26                       | \$ -          | 51                       | \$ -          | 24,710,574          | \$ 247        | \$ 267,364             | \$ (250,417)               | \$ 17,194           |
| Stock based compensation  | -                        | -             | -                        | -             | 3,000               | -             | 102                    | -                          | 102                 |
| Net loss  | -                        | -             | -                        | -             | -                   | -             | -                      | (2,845)                    | (2,845)             |
| <b>Balance as of March 31, 2022</b>                             | 26                       | -             | 51                       | -             | 24,713,574          | 247           | 267,466                | (253,262)                  | 14,451              |
| Stock based compensation  | -                        | -             | -                        | -             | 6,000               | -             | 88                     | -                          | 88                  |
| Acquisition of subsidiary                                       | -                        | -             | -                        | -             | -                   | -             | 22                     | -                          | 22                  |
| Net loss  | -                        | -             | -                        | -             | -                   | -             | -                      | (2,512)                    | (2,512)             |
| <b>Balance as of June 30, 2022</b>                              | 26                       | \$ -          | 51                       | \$ -          | 24,719,574          | \$ 247        | \$ 267,576             | \$ (255,774)               | \$ 12,049           |

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

**SINTX Technologies, Inc.**  
**Condensed Consolidated Statements of Cash Flows - Unaudited**  
(in thousands)

|  | Six months Ended<br>June 30, |                  |
|--|------------------------------|------------------|
|  | 2022                         | 2021             |
| <b>Cash Flow From Operating Activities</b>                                     |                              |                  |
| Net loss   | \$ (5,357)                   | \$ (4,832)       |
| Adjustments to reconcile net loss to net cash used in operating activities:    |                              |                  |
| Depreciation expense   | 137                          | 70               |
| Amortization of right of use asset   | 262                          | 215              |
| Amortization of intangible assets  | 3                            | 2                |
| Non-cash interest income   | -                            | (88)             |
| Stock based compensation   | 190                          | 116              |
| Change in fair value of derivative liabilities                                 | (148)                        | 256              |
| Forgiveness of PPP loan  | -                            | (391)            |
| Gain on disposal of property and equipment                                     | (1)                          | (144)            |
| Changes in operating assets and liabilities:                                   |                              |                  |
| Trade accounts receivable  | 27                           | (12)             |
| Prepaid expenses and other current assets                                      | (498)                        | (408)            |
| Inventories  | (178)                        | (267)            |
| Accounts payable and accrued liabilities                                       | 84                           | 318              |
| Other liabilities  | 2                            | -                |
| Payments on operating lease liability  | (245)                        | (198)            |
| Net cash used in operating activities  | <u>(5,722)</u>               | <u>(5,339)</u>   |
| <b>Cash Flows From Investing Activities</b>                                    |                              |                  |
| Purchase of property and equipment   | (598)                        | (626)            |
| Proceeds from notes receivable, net of imputed interest                        | -                            | 1,944            |
| Cash acquired in acquisition (see Note 2)                                      | 303                          | -                |
| Proceeds from sale of property and equipment                                   | -                            | 144              |
| Net cash provided by (used in) investing activities                            | <u>(295)</u>                 | <u>1,462</u>     |
| <b>Cash Flows From Financing Activities</b>                                    |                              |                  |
| Proceeds from issuance of common stock in connection with exercise of warrants | -                            | 196              |
| Proceeds from issuance of debt   | -                            | 510              |
| Payments on debt   | (509)                        | (5)              |
| Net cash provided by (used in) financing activities                            | <u>(509)</u>                 | <u>701</u>       |
| Net decrease in cash and cash equivalents                                      | <u>(6,526)</u>               | <u>(3,176)</u>   |
| Cash and cash equivalents at beginning of period                               | 14,273                       | 25,351           |
| Cash and cash equivalents at end of period                                     | <u>\$ 7,747</u>              | <u>\$ 22,175</u> |
| <b>Noncash Investing and Financing Activities</b>                              |                              |                  |
| Extinguishment of derivative liabilities through exercise of warrants          | \$ -                         | \$ 195           |
| Acquisition of subsidiary through assumption of debt (see Note 2)              | 22                           | -                |
| Reduction of debt through increase in accrued liabilities                      | 100                          | -                |
| <b>Supplemental Cash Flow Information</b>                                      |                              |                  |
| Cash paid for interest   | \$ 21                        | \$ -             |

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

**SINTX TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Organization and Summary of Significant Accounting Policies**

*Organization*

The condensed consolidated financial statements include the accounts of SINTX Technologies, Inc. (“SINTX”) and its wholly-owned subsidiaries, SINTX Armor, Inc. (“SINTX Armor”) and SINTX TA&T, Inc. (TA&T), which are collectively referred to as “we” or “the Company”. SINTX was incorporated in the state of Delaware on December 10, 1996 (and was previously known as Amedica Corporation). The Company is an OEM advanced ceramics materials company focused on providing solutions in a variety of medical, industrial, and antipathogenic applications. SINTX is a 25-year-old company that has grown over time from focusing on the research and development of silicon nitride for use in human interbody implants to becoming an advanced ceramics company engaged in many different fields, which has enabled the Company to focus on core competencies. The core strength of the Company is the manufacturing, research, and development of advanced ceramics for external partners. The Company presently manufactures silicon nitride powders and components in its Salt Lake City and Maryland facilities. The SINTX Salt Lake City facility is FDA and ANVISA registered, ISO 13485:2016 certified, and ASD9100D certified. The Company’s products are primarily sold in the United States.

The Company is focused on building revenue generating opportunities in three business industries - antipathogenic, industrial (including armor), and biomedical – thereby connecting with current and new customers, partners and manufacturers to help realize the goal of leveraging expertise in high-tech ceramics to create new, innovative opportunities across these sectors. We expect our continued investment in research and development to provide additional revenue opportunities.

The Company’s initial focus was the development and commercialization of products made from silicon nitride for use in spinal fusion and hip and knee replacement applications. SINTX believes it is the first and only manufacturer to use silicon nitride in medical applications primarily focused on spine fusion therapies. Since then, we have developed other applications for our silicon nitride technology as well as utilized our expertise in the use of ceramic materials in other applications. In July 2021, the Company acquired the equipment and obtained certain proprietary know-how rights with which it intends to develop, manufacture, and commercialize protective armor plates from boron carbide and a composite material of silicon carbide and boron carbide for military, law enforcement and civilian uses. The protective armor plate operations are housed in SINTX Armor. In June 2022, the Company acquired Technology Assessment and Transfer, Inc. (TA&T), a nearly 40-year-old business with a mission to transition advanced materials and process technologies from a laboratory environment to commercial products and services (see Note 2).

On October 1, 2018, the Company completed the sale of its retail spine business to CTL Medical, a Dallas, Texas-based privately held medical device manufacturer. As a result of the sale, CTL Medical became the exclusive owner of the Company’s portfolio of metal and silicon nitride spine products, as well as access to future silicon nitride spine technologies developed by the Company. The Company’s name, Amedica, was also transferred to CTL Medical, which is now CTL Amedica. The Company serves as CTL’s exclusive OEM provider of silicon nitride products. Manufacturing, R&D, and all intellectual property related to the core, non-spine, biomaterial technology including silicon nitride remains with the Company.

On October 30, 2018, the Company amended its Certificate of Incorporation with the State of Delaware to change its corporate name to SINTX Technologies, Inc. The Company also changed its trading symbol on the NASDAQ Capital Market to “SINT”.

The Company’s new corporate brand reflects both the Company’s core competence in the research, development and manufacturing of silicon nitride ceramics and other ceramics, as well as encouraging prospects for the future, as an OEM supplier of spine implants to CTL Amedica, and multiple opportunities outside of spine.

### *Basis of Presentation*

These unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”) and include all assets and liabilities of the Company.

SEC rules and regulations allow the omission of certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) so long as the statements are not misleading. In the opinion of management, these financial statements and accompanying notes contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly the financial position and results of operations for the periods presented herein. These condensed consolidated financial statements should be read in conjunction with the consolidated audited financial statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on March 25, 2022. The results of operations for the six months ended June 30, 2022, are not necessarily indicative of the results to be expected for the year ending December 31, 2022. The Company’s significant accounting policies are set forth in Note 1 to the consolidated financial statements in its Annual Report on Form 10-K for the year ended December 31, 2021.

### *Use of Estimates*

The preparation of condensed consolidated 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 revenue and expenses during the period. Actual results could differ from those estimates. As of June 30, 2022, the most significant estimate relates to derivative liabilities relating to common stock warrants.

### *Liquidity and Capital Resources*

The condensed consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern within one year from the date of issuance of these condensed consolidated financial statements.

For the six months ended June 30, 2022, and 2021, the Company incurred a net loss of \$5.4 million and \$4.8 million, respectively, and used cash in operating activities of \$5.7 million and \$5.3 million, respectively. The Company had an accumulated deficit of \$255.8 million and \$250.4 million as of June 30, 2022, and December 31, 2021, respectively. To date, the Company’s operations have been principally financed from proceeds from the issuance of preferred and common stock and, to a lesser extent, cash generated from product sales. It is anticipated that the Company will continue to generate operating losses and use cash in operating activities. The Company’s continuation as a going concern is dependent upon its ability to increase sales, and/or raise additional funds through the capital markets. Whether and when the Company can attain profitability and positive cash flows from operations or obtain additional financing is uncertain.

The Company is actively generating additional scientific and clinical data to have it published in leading industry publications. We believe the publication of such data would help sales efforts as the Company approaches new prospects. The Company continues to make changes to the sales strategy, including a focus on revenue growth by expanding the use of silicon nitride in other areas outside of spinal fusion applications. The Company has also acquired equipment and certain proprietary know-how for the purpose of developing, manufacturing and commercializing armored plates made from boron carbide and a composite of boron carbide and silicon carbide for military, law enforcement and other civilian uses. We also expect the acquisition of TA&T will further broaden the Company’s sources of revenue.



The Company has common stock that is publicly traded and has been able to successfully raise capital when needed since the date of the Company's initial public offering in February 2014. On January 3, 2022, the Company received a notice from Nasdaq Listing Qualifications department (the "Staff") of the Nasdaq Stock Market LLC ("Nasdaq") stating that the bid price of the Company's common stock for the last 30 consecutive trading days had closed below the minimum \$1.00 per share required for continued listing under Listing Rule 5550(a)(2). The Nasdaq notification letter does not result in the immediate delisting of the Company's common stock, and the stock will continue to trade uninterrupted on the The Nasdaq Capital Market under the symbol "SINT". The letter from the Staff further indicated that if the Company did not regain compliance with Rule 5550(a)(2) by July 5, 2022, the Company may be eligible for additional time to regain compliance. On July 6, 2022, the Company received notice from the Staff that the Company was eligible for an additional 180 calendar day period, or until January 2, 2023, to regain compliance. Delisting of the Company's common shares from The Nasdaq Capital Market may adversely impact its ability to raise capital on the public markets. The Company intends to actively monitor the closing bid price for its common stock and will consider available options to resolve the deficiency and regain compliance with Nasdaq Listing Rule 5550(a)(2).

On February 25, 2021, the Company entered into an Equity Distribution Agreement (the "2021 Distribution Agreement") with Maxim Group LLC ("Maxim"), pursuant to which the Company may sell from time to time, shares of the Company's common stock having an aggregate offering price of up to \$2.0 million through Maxim, as agent. As of June 30, 2022, there have been no sales of shares of common stock under the 2021 Distribution Agreement.

Subject to the terms and conditions of the 2021 Distribution Agreement, Maxim will use its commercially reasonable efforts to sell the Shares from time to time, based on our instructions. Under the 2021 Distribution Agreement, Maxim may sell the Shares by any method permitted by law deemed to be an "at-the-market" offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), including, without limitation, sales made directly on the Nasdaq Capital Market. We have no obligation to sell any shares under the ATM and may at any time suspend offers under the 2021 Distribution Agreement. The Offering will terminate upon the earlier of (i) the sale of shares having an aggregate offering price of \$2.0 million, (ii) the termination by either Maxim or the Company upon the provision of fifteen (15) days written notice, or (iii) February 25, 2023. Under the terms of the 2021 Distribution Agreement, Maxim will be entitled to a transaction fee at a fixed rate of 2.0% of the gross sales price of Shares sold under the 2021 Distribution Agreement. The Company will also reimburse Maxim for certain expenses incurred in connection with the 2021 Distribution Agreement and agreed to provide indemnification and contribution to Maxim with respect to certain liabilities under the Securities Act and the Securities Exchange Act of 1934, as amended. As of June 30, 2022 there have been no sales of shares of common stock under the 2021 Distribution Agreement.

Although the Company is seeking to obtain additional equity and/or debt financing, such funding is not assured and may not be available to the Company on favorable or acceptable terms and may involve significant restrictive covenants. Any additional equity financing is also not assured and, if available to the Company, will most likely be dilutive to its current stockholders. If the Company is not able to obtain additional debt or equity financing on a timely basis, the impact on the Company will be material and adverse.

These uncertainties create substantial doubt about our ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

#### *Risks Related to COVID-19 Pandemic*

The COVID-19 pandemic is affecting the United States and global economies and may affect the Company's operations and those of third parties on which the Company relies. In response to the spread of COVID-19 and to ensure safety of employees and continuity of business operations, we temporarily restricted access to the Salt Lake City facility, with our administrative employees continuing their work remotely and limited the number of staff in our manufacturing facility. We implemented protective measures such as wearing of face masks, maintaining social distancing, and additional cleaning. Beginning in 2021, we have offered vaccination incentives. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, the impact of the COVID-19 pandemic on the global financial markets may reduce the Company's ability to access capital, which could negatively impact the Company's short-term and long-term liquidity. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change. The Company does not yet know the full extent of potential delays or impacts on its business, financing or other activities or on healthcare systems or the global economy as a whole. However, these effects could have a material impact on the Company's liquidity, capital resources, operations and business and those of the third parties on which we rely.

## Grant Revenue

Revenues from grants and awards provided by governmental agencies are recorded based upon the terms of the specific grant agreements, which generally provide that revenue is earned when the allowable costs specified in the applicable grant agreement have been incurred. Cash received from federal grants and awards can be subject to audit by the grantor and, if the examination results in a disallowance of any expenditure, repayment could be required.

Grant and award receivables relate to allowable amounts expended or otherwise incurred in connection with the terms of a grant or award and for which reimbursement or draw upon the grant funds have not yet taken place.

## Correction of an Immaterial Error

During the first quarter 2022, the Company identified an error related to the removal of a loan obligation and the recording of other income for forgiveness of debt totaling approximately \$0.5 million, which forgiveness was recorded on November 24, 2021. The Company has determined that the Company should not have removed the loan obligation and recorded approximately \$0.5 million of other income in the financial statements as of December 31, 2021, and for the year then ended. The error affected the 2021 net loss attributable to common stockholders and net loss per share—basic and diluted. The error also affected total liabilities and accumulated deficit (and total stockholders' equity) as of December 31, 2021. The error did not affect 2021 cash flows from operating activities and total cash flow.

In accordance with the SEC Staff Accounting Bulletin (SAB) No. 99, "Materiality," and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," the Company evaluated the materiality of the error from qualitative and quantitative perspectives and concluded that the error was immaterial to the March 31, 2022 and December 31, 2021, financial statements. Consequently, only the December 31, 2021, consolidated balance sheet and the December 31, 2021, balance in the statement of stockholders' equity contained in these financial statements have been restated. The change resulted a reduction of stockholders' equity of \$0.5 million as of December 31, 2021.

## New Accounting Pronouncements Not Yet Adopted

The Company has reviewed all recently issued, but not yet adopted, accounting standards, in order to determine their effects, if any, on its results of operations, financial position or cash flows. Based on that review, the Company believes that no other pronouncements will have a significant effect on its financial statements.

## 2. Business Acquisition

On June 30, 2022, the Company entered into and closed a Stock Purchase Agreement (the "Purchase Agreement") pursuant to which the Company acquired all of the outstanding shares of common stock of Technology Assessment and Transfer, Inc. (TA&T), a corporation organized under the Laws of the State of Maryland. As a result, TA&T is a wholly owned subsidiary of the Company.

The Purchase Agreement sets forth approximately \$760,000, including accrued interest, in loan obligations that the Company agreed to assume in connection with the purchase. Further the Purchase Agreement provides for potential earnout payments to the sellers on the achievement of certain pre-determined gross revenue targets by TA&T for calendar years 2022 and 2023. Earnouts, if any, will be expensed as incurred, as management does not expect the earnouts to be achieved as of the date of acquisition.

The following table summarizes the purchase price allocation (in thousands):

|  | <b>June 30, 2022</b> |
|--|----------------------|
| <b>Assets</b>  |                      |
| Current assets   |                      |
| Cash and cash equivalents                                | \$ 303               |
| Accounts and other receivables, net of allowance         | 193                  |
| Prepaid expenses and other receivables, net of allowance | 14                   |
| Total current assets                                     | 510                  |
| Property and equipment, net                              | 599                  |
| Operating lease right of use asset                       | 521                  |
| Other long-term assets                                   | 7                    |
| Total assets   | 1,637                |
| <b>Liabilities and Stockholder's Equity</b>              |                      |
| Current liabilities                                      |                      |
| Accounts payable   | 105                  |
| Accrued liabilities                                      | 241                  |
| Current portion of debt                                  | 6                    |
| Current portion of related party debt                    | 242                  |
| Current portion of operating lease liability             | 179                  |
| Total current liabilities                                | 773                  |
| Debt, net of current portion                             | 393                  |
| Related party debt, net of current portion               | 107                  |
| Operating lease liability, net of current portion        | 342                  |
| Total liabilities  | 1,615                |
| Net assets acquired                                      | \$ 22                |

The following proforma unaudited revenue and net loss are presented as if the acquisition had been included in the consolidated results of the Company for the six months ended June 30, 2022 (in thousands).

|         | <b>Six Months Ended<br/>June 30, 2022</b> |
|---------|---|
| Revenue | \$ 959                                    |

|          |    |         |
|----------|----|---------|
| Net loss | \$ | (5,373) |
|----------|----|---------|

No amounts are included in the condensed consolidated statement of operations relating to TA&T for the six months ended June 30, 2022, as the transaction was closed the end of day June 30, 2022.

### 3. Basic and Diluted Net Income (Loss) per Common Share

Basic net income (loss) per share is calculated by dividing the net income (loss) by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net loss per share is calculated by dividing the net loss by the weighted-average number of common share equivalents outstanding for the period that are determined to be dilutive. Common stock equivalents are primarily comprised of preferred stock and warrants for the purchase of common stock. For the six months ended June 30, 2022, there is no difference in the number of shares and net loss used to calculate basic and diluted shares outstanding because their effect would have been anti-dilutive. The Company had potentially dilutive securities, totaling approximately 2.4 million and 1.8 million as of June 30, 2022, and 2021, respectively.

Below are basic and diluted loss per share data for the three months ended June 30, 2022, which are in thousands except for share and per share data:

|   | Basic<br>Calculation | Effect of<br>Dilutive<br>Warrant<br>Securities | Diluted<br>Calculation |
|---|----------------------|--|------------------------|
| <b>Numerator:</b>                                       |                      |  |                        |
| Net income (loss)                                       | \$ (2,512)           | \$ (108)                                       | \$ (2,620)             |
| Deemed dividend and accretion of a discount             | -                    | -  | -                      |
| Net loss attributable to common stockholders            | <u>\$ (2,512)</u>    | <u>\$ (108)</u>                                | <u>\$ (2,620)</u>      |
| <b>Denominator:</b>                                     |                      |  |                        |
| Number of shares used in per common share calculations: | 24,716,558           | 362,163  | 25,078,721             |
| <b>Net loss per common share:</b>                       |                      |  |                        |
| Net income (loss)                                       | \$ (0.10)            | \$ -   | \$ (0.10)              |
| Deemed dividend and accretion of a discount             | -                    | -  | -                      |
| Net loss attributable to common stockholders            | <u>\$ (0.10)</u>     | <u>\$ -</u>                                    | <u>\$ (0.10)</u>       |

Below are basic and diluted loss per share data for the six months ended June 30, 2022, which are in thousands except for share and per share data:

|   | Basic<br>Calculation | Effect of<br>Dilutive<br>Warrant<br>Securities | Diluted<br>Calculation |
|---|----------------------|--|------------------------|
| <b>Numerator:</b>                                       |                      |  |                        |
| Net income (loss)                                       | \$ (5,357)           | \$ (148)                                       | \$ (5,505)             |
| Deemed dividend and accretion of a discount             | -                    | -  | -                      |
| Net loss attributable to common stockholders            | <u>\$ (5,357)</u>    | <u>\$ (148)</u>                                | <u>\$ (5,505)</u>      |
| <b>Denominator:</b>                                     |                      |  |                        |
| Number of shares used in per common share calculations: | 24,714,403           | 366,188  | 25,080,590             |
| <b>Net loss per common share:</b>                       |                      |  |                        |
| Net income (loss)                                       | \$ (0.22)            | \$ -   | \$ (0.22)              |
| Deemed dividend and accretion of a discount             | -                    | -  | -                      |
| Net loss attributable to common stockholders            | <u>\$ (0.22)</u>     | <u>\$ -</u>                                    | <u>\$ (0.22)</u>       |

Below are basic and diluted loss per share data for the three months ended June 30, 2021, which are in thousands except for share and per share data:

|   | Basic<br>Calculation | Effect of<br>Dilutive<br>Warrant<br>Securities | Diluted<br>Calculation |
|---|----------------------|--|------------------------|
| <b>Numerator:</b>                                       |                      |  |                        |
| Net income (loss)                                       | \$ (2,199)           | \$ -   | \$ (2,199)             |
| Deemed dividend and accretion of a discount             | -                    | -  | -                      |
| Net loss attributable to common stockholders            | <u>\$ (2,199)</u>    | <u>\$ -</u>                                    | <u>\$ (2,199)</u>      |
| <b>Denominator:</b>                                     |                      |  |                        |
| Number of shares used in per common share calculations: | 24,687,916           | -  | 24,687,916             |
| <b>Net loss per common share:</b>                       |                      |  |                        |
| Net income (loss)                                       | \$ (0.09)            | \$ -   | \$ (0.09)              |
| Deemed dividend and accretion of a discount             | -                    | -  | -                      |
| Net loss attributable to common stockholders            | <u>\$ (0.09)</u>     | <u>\$ -</u>                                    | <u>\$ (0.09)</u>       |

Below are basic and diluted loss per share data for the six months ended June 30, 2021, which are in thousands except for share and per share data:

|   | Basic Calculation | Effect of<br>Dilutive<br>Warrant<br>Securities | Diluted Calculation |
|---|-------------------|--|---------------------|
| <b>Numerator:</b>                                       |                   |  |                     |
| Net income (loss)                                       | \$ (4,832)        | \$ -   | \$ (4,832)          |
| Deemed dividend and accretion of a discount             | -                 | -  | -                   |
| Net loss attributable to common stockholders            | <u>\$ (4,832)</u> | <u>\$ -</u>                                    | <u>\$ (4,832)</u>   |
| <b>Denominator:</b>                                     |                   |  |                     |
| Number of shares used in per common share calculations: | 24,678,084        | -  | 24,678,084          |
| <b>Net loss per common share:</b>                       |                   |  |                     |
| Net income (loss)                                       | \$ (0.20)         | \$ -   | \$ (0.20)           |
| Deemed dividend and accretion of a discount             | -                 | -  | -                   |
| Net loss attributable to common stockholders            | <u>\$ (0.20)</u>  | <u>\$ -</u>                                    | <u>\$ (0.20)</u>    |

4. Inventories

Inventories consisted of the following (in thousands):

|                | June 30,<br>2022 | December 31,<br>2021 |
|----------------|------------------|----------------------|
| Raw materials  | \$ 551           | \$ 411               |
| WIP            | 126              | 134                  |
| Finished goods | 98               | 52                   |
|                | <u>\$ 775</u>    | <u>\$ 597</u>        |

As of June 30, 2022, inventories totaling approximately \$0.3 million and \$0.4 million were classified as current and long-term, respectively. As of December 31, 2021, inventories totaling approximately \$0.3 million and \$0.3 million were classified as current and long-term, respectively. Inventories classified as current represent the carrying value of inventories as of June 30, 2022, that management estimates will be sold or used by June 30, 2023.

## 5. Fair Value Measurements

### *Financial Instruments Measured and Recorded at Fair Value on a Recurring Basis*

The Company has issued certain warrants to purchase shares of common stock, which are considered derivative liabilities because they have registration rights which could require a cash settlement and are re-measured to fair value at each reporting period in accordance with accounting guidance. Fair value is based on the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1 - quoted market prices for identical assets or liabilities in active markets.
- Level 2 - observable prices that are based on inputs not quoted on active markets but corroborated by market data.
- Level 3 - unobservable inputs reflecting management's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The Company classifies assets and liabilities measured at fair value in their entirety based on the lowest level of input that is significant to their fair value measurement. No financial assets were measured on a recurring basis as of June 30, 2022, and December 31, 2021. The following tables set forth the financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy as of June 30, 2022, and December 31, 2021 (in thousands):

| Description           | Fair Value Measurements as of June 30, 2022 |         |         |        |
|-----------------------|---|---------|---------|--------|
|                       | Level 1                                     | Level 2 | Level 3 | Total  |
| Derivative liability  |   |         |         |        |
| Common stock warrants | \$ -  | \$ -    | \$ 198  | \$ 198 |

  

| Description           | Fair Value Measurements as of December 31, 2021 |         |         |        |
|-----------------------|---|---------|---------|--------|
|                       | Level 1   | Level 2 | Level 3 | Total  |
| Derivative liability  |   |         |         |        |
| Common stock warrants | \$ -  | \$ -    | \$ 347  | \$ 347 |

The Company did not have any transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy during the six months ended June 30, 2022, and 2021. The following table presents a reconciliation of the derivative liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the six months ended June 30, 2022, and 2021 (in thousands):

|                                 | <b>Common Stock<br/>Warrants</b> |
|---------------------------------|----------------------------------|
| Balance as of December 31, 2020 | \$ (1,238)                       |
| Change in fair value            | (256)                            |
| Exercise of warrants            | 195                              |
| Balance as of June 30, 2021     | \$ (1,299)                       |
| Balance as of December 31, 2021 | \$ (347)                         |
| Change in fair value            | 148                              |
| Other, net                      | 1                                |
| Balance as of June 30, 2022     | \$ (198)                         |

#### *Common Stock Warrants*

The Company has issued certain warrants to purchase shares of common stock, which are considered derivative liabilities because they have registration rights which could require a cash settlement and are re-measured to fair value at each reporting period in accordance with accounting guidance. As of June 30, 2022, and December 31, 2021, the derivative liability was calculated using the Monte Carlo Simulation valuation.

The assumptions used in estimating the common stock warrant liability as of June 30, 2022, and December 31, 2021 were as follows:

|   | <b>June 30,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|---|--------------------------|------------------------------|
| Weighted-average risk-free interest rate  | 2.51%-2.99%              | 0.06%-0.97%                  |
| Weighted-average expected life (in years) | 0.57-2.61                | 0.07-3.10                    |
| Expected dividend yield                   | -%                       | -%                           |
| Weighted-average expected volatility      | 74.9%-127.1%             | 71.5%-126.5%                 |

#### *Other Financial Instruments*

The Company's recorded values of cash and cash equivalents, account and other receivables, accounts payable and accrued liabilities approximate their fair values based on their short-term nature. The recorded value of notes payable approximates the fair value as the interest rate approximates market interest rates.

### **6. Accrued Liabilities**

Accrued liabilities consisted of the following (in thousands):

|                             | <b>June 30,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|-----------------------------|--------------------------|------------------------------|
| Payroll and related expense | \$ 743                   | \$ 724                       |
| Accrued payables            | 290                      | -                            |
| Other                       | 519                      | 426                          |
|                             | <u>\$ 1,552</u>          | <u>\$ 1,150</u>              |

## **7. Debt**

### *2020 PPP Loan*

On April 28, 2020, the Company received funding under a Paycheck Protection Program (“PPP”) loan (the “PPP Loan”) from First State Community Bank (the “Lender”). The principal amount of the PPP Loan was \$0.4 million. The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and is administered by the U.S. Small Business Administration (the “SBA”). Loans made under the PPP may be partially or fully forgiven if the recipient complies with the provisions of the CARES Act, including the use of PPP Loan proceeds for payroll costs, rent, utilities and other expenses, provided that such amounts are incurred during a 24-week period that commenced on April 28, 2020 and at least 60% of any forgiven amount has been used for covered payroll costs as defined by the CARES Act. On January 5, 2021, the Lender provided notice to the Company that the principal amount and accrued interest had been forgiven. The Company removed the PPP Loan obligation and recorded other income for forgiveness of debt totaling \$0.4 million. The SBA has until January of 2027 to audit the Company’s compliance with the CARES Act relating to the PPP Loan.

### *2021 PPP Loan*

On March 15, 2021, the Company received funding under the SBA Second Draw Program under the Paycheck Protection Program (“2021 PPP”) (the “2021 PPP Loan”) from the Lender. The principal amount of the 2021 PPP Loan is \$0.5 million. The Company received notice on November 24, 2021, that the principal amount and accrued interest had been forgiven. The Company removed the 2021 PPP Loan obligation and recorded other income for forgiveness of debt totaling approximately \$0.5 million during the year ended December 31, 2021.

Since receiving the 2021 PPP Loan and learning that the principal amount of the loan and accrued interest had been forgiven, the Company has determined that due to its status as a publicly traded company with common shares trading on the Nasdaq Capital Market it was not eligible to receive a loan under the SBA Second Draw Program under the Paycheck Protection Program. As a result, the Company repaid the loan on June 14, 2022, together with processing fees and interest, which totaled \$0.5 million, resulting in no balance outstanding at June 30, 2022 (see Note 1).

### *Business Loan*

On July 20, 2021, TA&T, entered into a Loan Authorization and Agreement in the amount of approximately \$350,000 (the “Business Loan”). Under the Business Loan, the Company will make monthly installment payments, including principal and interest, of \$1,754. Payments are to begin 18 months from the date of the loan. The balance of principal and interest is payable 30 years from July 20, 2021. The Business Loan bears interest at a rate of 3.75% per annum. The Business Loan is secured by a general security interest in all of the assets of TA&T. The Business Loan contains other standard provisions that are customary of loans of this type.

### *Related Party Debt*

TA&T is obligated to repay certain personal loans made by the founders of TA&T to TA&T prior to SINTX’s acquisition of TA&T (the Personal Loans”). The total amount of the Personal Loans at June 30, 2022 was approximately \$350,000. The Company agreed to repay the outstanding balance of the Personal Loans in (i) 24 equal monthly installments beginning September 1, 2022 and each month thereafter until paid in full as one prior owner’s portion of the Personal Loans totaling \$157,000, and (ii) for the other owner’s portion of the Personal Loans totaling \$193,000, \$100,000 of which was recorded in accrued liabilities at June 30, 2022, .The remaining \$249,000 is to be paid in 12 equal monthly installments beginning September 1, 2022. The related party debt is not collateralized and has no interest rate.

### *Wells Fargo Line of Credit*

Prior to SINTX’s acquisition of TA&T, TA&T entered into a revolving line of credit with Wells Fargo. As of June 30, 2022, the line of credit with Wells Fargo had an outstanding balance of \$48,707.

## **8. Equity**

### *2021 Equity Distribution Agreement*

On February 25, 2021, the Company entered into an Equity Distribution Agreement (the “2021 Distribution Agreement”) with Maxim Group LLC (“Maxim”), pursuant to which the Company may sell from time to time, shares of the Company’s common stock having an aggregate offering price of up to \$2.0 million through Maxim, as agent.

Subject to the terms and conditions of the 2021 Distribution Agreement, Maxim will use its commercially reasonable efforts to sell the Shares from time to time, based on the Company’s instructions. Under the 2021 Distribution Agreement, Maxim may sell the Shares by any method permitted by law deemed to be an “at-the-market” offering as defined in Rule 415 promulgated under the Securities Act of 1933, as amended (the “Securities Act”), including, without limitation, sales made directly on the Nasdaq Capital Market. We have no obligation to sell any shares under the 2021 Distribution Agreement and may at any time suspend offers under the 2021 Distribution Agreement. The Offering will terminate upon the earlier of (i) the sale of shares having an aggregate offering price of \$2.0 million, (ii) the termination by either Maxim or the Company upon the provision of fifteen (15) days written notice, or (iii) February 25, 2023. Under the terms of the 2021 Distribution Agreement, Maxim will be entitled to a transaction fee at a fixed rate of 2.0% of the gross sales price of Shares sold under the 2021 Distribution Agreement. The Company will also reimburse Maxim for certain expenses incurred in connection with the 2021 Distribution Agreement and agreed to provide indemnification and contribution to Maxim with respect to certain liabilities under the Securities Act and the Securities Exchange Act of 1934, as amended. As of June 30, 2022 there have been no sales of shares of common stock under the 2021 Distribution Agreement.



## 9. Stock-Based Compensation

A summary of the Company's outstanding stock option activity for the three months ended June 30, 2022, and 2021 is as follows:

|  | June 30, 2022 |                                 |   |                 |
|--|---------------|---------------------------------|---|-----------------|
|  | Options       | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life (Years) | Intrinsic Value |
| As of December 31, 2021                      | 833,892       | \$ 3.91                         | 8.7   | 87,553          |
| Granted                                      | 357,000       | 0.45                            | 10.0  | -               |
| Exercised                                    | -             | -                               | -   | -               |
| Forfeited                                    | -             | -                               | -   | -               |
| Expired                                      | (3)           | 139,237.86                      | -   | -               |
| As of June 30, 2022                          | 1,190,889     | \$ 2.38                         | 8.6   | \$ -            |
| Exercisable at June 30, 2022                 | 462,229       | \$ 5.22                         | 8.1   | \$ -            |
| Vested and expected to vest at June 30, 2022 | 1,117,329     | \$ 2.47                         | 8.6   | \$ -            |

  

|  | June 30, 2021 |                                 |   |                 |
|--|---------------|---------------------------------|---|-----------------|
|  | Options       | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life (Years) | Intrinsic Value |
| As of December 31, 2020                      | 465,393       | \$ 5.53                         | 9.3   | -               |
| Granted                                      | 368,500       | 1.93                            | 10.0  | -               |
| Exercised                                    | -             | -                               | -   | -               |
| Forfeited                                    | -             | -                               | -   | -               |
| Expired                                      | -             | -                               | -   | -               |
| As of June 30, 2021                          | 833,893       | \$ 3.98                         | 9.2   | \$ 743,089      |
| Exercisable at June 30, 2021                 | 376           | \$ 6,977.42                     | 3.8   | \$ -            |
| Vested and expected to vest at June 30, 2021 | 833,893       | \$ 3.98                         | 9.2   | \$ 743,089      |

The Company estimates the fair value of each stock option on the grant date using the Black-Scholes-Merton valuation model, which requires several estimates including an estimate of the fair value of the underlying common stock on grant date. The expected volatility was based on an average of the historical volatility of the Company. The expected term was contractual life of option. The risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of grant for the expected term of the option. The following weighted average assumptions were used in the calculation to estimate the fair value of options granted to employees and non-employees during the six months ended June 30, 2022. During the six months ended June 30, 2022, the Company granted stock options with an estimated fair value of approximately \$0.2 million.

|   | June 30, 2022 |
|---|---------------|
| Weighted-average risk-free interest rate  | 1.70%         |
| Weighted-average expected life (in years) | 5.5           |
| Expected dividend yield                   | -%            |
| Weighted-average expected volatility      | 131.1%        |

Of the 357,000 options granted during the six months ended June 30, 2022, 60,000 were to non-executive members of the board of directors. Of the 1,190,889 options outstanding as of June 30, 2022, 355,000 were awarded to non-executive members of the board of directors.

Unrecognized stock-based compensation as of June 30, 2022, is as follows (in thousands):

|               | Unrecognized<br>Stock-Based<br>Compensation | Weighted<br>Average<br>Remaining of<br>Recognition<br>(in years) |
|---------------|---|--|
| Stock options | \$ 515                                      | 1.7  |
| Stock grants  | \$ 38                                       | 1.9  |

## 10. Commitments and Contingencies

The Company has executed agreements with certain executive officers of the Company which, upon the occurrence of certain events related to a change in control, call for payments to the executives up to three times their annual salary and accelerated vesting of previously granted stock options.

From time to time, the Company is subject to various claims and legal proceedings covering matters that arise in the ordinary course of its business activities. Management believes any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the Company's consolidated financial position, operating results or cash flows.

## 11. Note Receivable

On October 1, 2018, the Company completed the sale of its spine implant business to CTL Medical. The sale included a \$6.0 million noninterest bearing note receivable payable over a 36 month term to mature on October 1, 2021. The note receivable included an imputed interest rate of 10%. The note was paid in full in May 2021.

## 12. Leases

The Company has entered into multiple operating leases from which it conducts its business.

### *SINTX*

With respect to SINTX operations, the Company leases 29,534 square feet of office, warehouse and manufacturing space under a single operating lease. This lease expires at the end of 2024. The lease has two five-year extension options.

### *SINTX Armor*

On August 19, 2021, the Company, on behalf of SINTX Armor, entered into an Industrial Lease Agreement (the "SINTX Armor Lease") pursuant to which the Company has agreed to lease approximately 10,936 square feet of office and manufacturing space from which SINTX Armor will conduct its operations. The term of the SINTX Armor Lease is 122 months through October 2031.

## TA&T

In connection with operation of its business, TA&T has entered into various leases from which it conducts its research, development and manufacturing activities. The leases have various expiration dates ranging from the end of 2022 through April 2025.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized on a straight-line basis over the term of the lease. The Company accounts for lease components separately from the non-lease components. The depreciable life of the assets and leasehold improvements are limited by the expected lease term.

As of June 30, 2022, the consolidated operating lease right-of-use assets totaled approximately \$2.6 million, and the operating lease liability totaled approximately \$2.7 million. Non-cash operating lease expense during the six months ended June 30, 2022 and 2021, totaled approximately \$0.3 and \$0.2 million, respectively. As of June 30, 2022, the weighted-average discount rate for the Company's operating lease was 6.5%.

Operating lease future minimum payments together with the present values as of June 30, 2022, are summarized as follows:

| Years Ending December 31,                    | June 30,<br>2022 |
|--|------------------|
| 2022   | \$ 424           |
| 2023   | 871              |
| 2024   | 897              |
| 2025   | 161              |
| 2026   | 127              |
| Thereafter                                   | 669              |
| Total future minimum lease payments          | 3,149            |
| Less amounts representing interests          | (476)            |
| Present value of lease liability             | 2,673            |
| Current-portion of operating lease liability | 705              |
| Long-term portion operating lease liability  | \$ 1,968         |

## 13. Subsequent Events

### NASDAQ minimum bid compliance

On July 6, 2022, the Company received notification from the NASDAQ Stock Market indicating that the Company will have an additional 180-day grace period, until January 2, 2023, to regain compliance with NASDAQ's \$1.00 minimum bid requirement. The notification indicated that the Company did not regain compliance during the initial 180-day grace period provided under the rule. In accordance with NASDAQ Marketplace Rule 5810(c)(3)(A), the Company is eligible for the additional grace period because it meets the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on the Nasdaq Capital Market with the exception of the bid price requirement, and provided written notice of its intention to cure the deficiency during the second compliance period by effecting a reverse stock split, if necessary.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements for the year ended December 31, 2021 and the notes thereto, along with Management's Discussion and Analysis of Financial Condition and Results of Operations, included in our Annual Report on Form 10-K for the year ended December 31, 2021, filed separately with the U.S. Securities and Exchange Commission. This discussion and analysis contains forward-looking statements based upon current beliefs, plans, expectations, intentions and projections that involve risks, uncertainties and assumptions, such as statements regarding our plans, objectives, expectations, intentions and projections. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2021, and any updates to those risk factors filed from time to time in our Quarterly Reports on Form 10-Q and in other filings with the Securities and Exchange Commission we may make from time-to-time.*

### Overview

We are an advanced materials company that develops and commercializes advanced ceramics for biomedical, industrial, and antipathogenic applications. The core strength of SINTX Technologies is the manufacturing, research, and development of advanced ceramics for external partners.

**Biomedical Applications:** Since its inception, SINTX has been focused on medical grade silicon nitride. SINTX silicon nitride products are biocompatible, bioactive, antipathogenic, and have shown superb bone affinity. Spinal implants made from SINTX silicon nitride have been successfully implanted in humans since 2008 in the US, Europe, Brazil, and Taiwan. This established use, along with its inherent resistance to bacterial adhesion and bone affinity – mean that it may also be suitable in other fusion device applications such as hip, knee and dental implants. Bacterial infection of any biomaterial implants is always a concern. SINTX silicon nitride is inherently resistant to bacterial colonization and biofilm formation, making it antibacterial. SINTX silicon nitride products can be polished to a smooth and wear-resistant surface for articulating applications, such as bearings for hip and knee replacements.

We believe that silicon nitride has a superb combination of properties that make it suited for long-term human implantation. Other biomaterials are based on bone grafts, metal alloys, and polymers- all of which have well-known practical limitations and disadvantages. In contrast, silicon nitride has a legacy of success in the most demanding and extreme industrial environments. As a human implant material, silicon nitride offers bone ingrowth, resistance to bacterial and viral infection, ease of diagnostic imaging, resistance to corrosion, and superior strength and fracture resistance, among other advantages, all of which claims are validated in our large and growing inventory of peer-reviewed, published literature reports. We believe that our versatile silicon nitride manufacturing expertise positions us favorably to introduce new and innovative devices in the medical and non-medical fields.

In June 2022, the Company acquired Technology Assessment and Transfer, Inc. (TA&T), a nearly 40 year old business with a mission to transition advanced materials and process technologies from a laboratory environment to commercial products and services. TA&T has supplied ceramics for use in several biomedical applications. These products were made via 3D printing and include components for surgical instruments as well as conceptual and prototype dental implants.

**Industrial Applications:** It is the belief of SINTX that its silicon nitride has the best combination of mechanical, thermal, and electrical properties of any technical ceramic material. It is a high-performance technical ceramic with high strength, toughness, and hardness, and is extremely resistant to thermal shock and impact. It is also an electrically insulating ceramic material. Typically, it is used in applications where high load-bearing capacity, thermal stability, and wear resistance are required. The Company has obtained AS9100D certification and ITAR registration to facilitate entry into the aerospace portion of this market.

SINTX has recently entered the ceramic armor market through the purchase of assets from B4C, LLC and a technology partnership with Precision Ceramics USA. SINTX intends to develop and manufacture high-performance ceramics for personnel, aircraft, and vehicle armor including a 100% Boron Carbide material for ultimate lightweight performance in ballistic applications, and a composite material made of Boron Carbide and Silicon Carbide for exceptional multi-hit performance against ballistic threats. SINTX has signed a 10-year lease at a building near its headquarters in Salt Lake City, UT to house development and manufacturing activities for SINTX Armor.

TA&T's primary area of expertise is material processing and fabrication know how for a broad spectrum of monolithic ceramic, ceramic composite, and coating materials. Primary technologies include Additive Manufacturing (3D Printing) of ceramics and metals, low cost fabrication of fiber reinforced ceramic matrix composites (CMCs) and refractory chemical vapor deposited (CVD) coatings, transparent ceramics for ballistic armor and optical applications, and magnetron sputtered (PVD) coatings for lubrication, wear resistance and environmental barrier coatings for CMCs. TA&T also provides a host of services that include 3D printing, PVD-CVD coatings, material processing-CMCs, CIP, PS, HP, HIP, and material characterization for powders and finished parts-TGA/DSC, PSD, SA, Dilatometry, UV-VIS and FTIR transmission, haze and clarity.

**Antipathogenic Applications:** Today, there is a global need to improve protection against pathogens in everyday life. SINTX believes that by incorporating its unique composition of silicon nitride antipathogenic powder into products such as face masks, filters, and wound care devices, it is possible to manufacture surfaces that inactivate pathogens, thereby limiting the spread of infection and disease. The discovery in 2020 that SINTX silicon nitride inactivates SARS-CoV-2, the virus which causes the disease COVID-19, has opened new markets and applications for our material and we have refocused many of our resources on these opportunities.

SINTX presently manufactures advanced ceramic powders and components in our manufacturing facilities based in Salt Lake City, Utah.

### Components of our Results of Operations

We manage our business within one reportable segment, which is consistent with how our management reviews our business, makes investment and resource allocation decisions and assesses operating performance.

## **Revenue**

We derive our product revenue primarily from the manufacture and sale of spinal fusion products used in the treatment of spine disorders to CTL, with whom we entered into a 10-year exclusive sales agreement in October 2018. We are currently pursuing other sales opportunities for silicon nitride products outside the spinal fusion application and have shipped new orders for these products. In 2021, we made progress in diversifying our revenue by selling a composite product of silicon nitride and PEEK as well as products for the industrial silicon nitride market, the ceramic armor market, and for the antipathogenic market. We generally recognize revenue from sales where control transfers at a point in time as the title and risk of loss passes to the customer, which is at the time the product is shipped. In general, our customer does not have rights of return or exchange.

We believe our product revenue will increase as we secure opportunities to manufacture third party products with silicon nitride, launch and generate revenue from our ceramic armor products, and as we continue to introduce new products into the market.

We derive grant and contract revenue from awards provided by governmental agencies.

## **Cost of Revenue**

The expenses that are included in cost of revenue include all in-house manufacturing costs for the products we manufacture.

## **Gross Profit**

Our gross profit measures our product revenue relative to our cost of revenue. We expect our gross profit percentage to decrease as we expand the penetration of our silicon nitride technology platform through OEM and private label partnerships, which offer additional avenues for the adoption of silicon nitride. Prior to the sale of our retail spine implant business, our revenues and gross profits were based on our retail sales. With the focus on OEM and private label partnerships, the margins are lower, thus causing the decrease in our gross profit percentage.

## **Research and Development Expenses**

Our research and development costs are expensed as incurred. Research and development costs consist of engineering, product development, clinical trials, test-part manufacturing, testing, developing and validating the manufacturing process, manufacturing, facility and regulatory-related costs. Research and development expenses also include employee compensation, employee and non-employee stock-based compensation, supplies and materials, consultant services, and travel and facilities expenses related to research and development activities.

We expect to incur additional research and development costs as we continue to develop new medical devices, industrial and ceramic armor products, product candidates for antipathogenic applications, and other products which may increase our total research and development expenses.

## **General and Administrative Expenses**

General and administrative expenses consist primarily of salaries, benefits and other related costs, including stock-based compensation for certain members of our executive team and other personnel employed in finance, compliance, administrative, information technology, customer service, executive and human resource departments. General and administrative expenses also include other expenses not part of the other cost categories mentioned above, including facility expenses and professional fees for accounting and legal services.

## RESULTS OF OPERATIONS

The following is a tabular presentation of our unaudited condensed consolidated operating results for the three and six months ended June 30, 2022 and 2021 (*in thousands*):

|                            | Three Months<br>Ended June 30, |            | \$<br>Change | %<br>Change | Six Months<br>Ended June 30, |            | \$<br>Change | %<br>Change |
|----------------------------|--------------------------------|------------|--------------|-------------|------------------------------|------------|--------------|-------------|
|                            | 2022                           | 2021       |              |             | 2022                         | 2021       |              |             |
| Product revenue            | \$ 80                          | \$ 101     | \$ (21)      | -21%        | \$ 181                       | \$ 202     | \$ (21)      | -10%        |
| Grant revenue              | 160                            | -          | 160          | 100%        | 189                          | -          | 189          | 100%        |
| Total revenue              | 240                            | 101        | 139          | 138%        | 370                          | 202        | 168          | 83%         |
| Cost of revenue            | 66                             | 73         | (7)          | -10%        | 146                          | 134        | 12           | 9%          |
| Gross profit               | 174                            | 28         | 146          | 521%        | 224                          | 68         | 156          | 229%        |
| Operating expenses:        |                                |            |              |             |                              |            |              |             |
| Research and development   | 1,476                          | 1,204      | 272          | 23%         | 3,128                        | 2,799      | 329          | 12%         |
| General and administrative | 993                            | 858        | 135          | 16%         | 1,849                        | 1,858      | (9)          | 0%          |
| Sales and marketing        | 338                            | 329        | 9            | 3%          | 732                          | 615        | 117          | 19%         |
| Grant expenses             | 150                            | -          | 150          | 100%        | 176                          | -          | 176          | 100%        |
| Total operating expenses   | 2,957                          | 2,391      | 566          | 24%         | 5,885                        | 5,272      | 613          | 12%         |
| Loss from operations       | (2,783)                        | (2,363)    | (420)        | 18%         | (5,661)                      | (5,204)    | (457)        | 9%          |
| Other income (expense)     | 271                            | 164        | 107          | 65%         | 304                          | 372        | (68)         | -18%        |
| Net loss before taxes      | (2,512)                        | (2,199)    | (313)        | 14%         | (5,357)                      | (4,832)    | (525)        | 11%         |
| Provision for income taxes | -                              | -          | -            | -           | -                            | -          | -            | -           |
| Net loss                   | \$ (2,512)                     | \$ (2,199) | \$ (313)     | 14%         | \$ (5,357)                   | \$ (4,832) | \$ (525)     | 11%         |

### Revenue

For the three months ended June 30, 2022, and 2021 total product revenue was relatively unchanged at \$0.1 million. During the quarter ended June 30, 2022 the Company received grant revenue of \$0.2 million. Grant revenue did not exist during the same period of the prior year.

For the six months ended June 30, 2022, and 2021 total product revenue was relatively unchanged at \$0.2 million. During the quarter ended June 30, 2022 the Company received grant revenue of \$0.2 million. Grant revenue did not exist during the same period of the prior year.

### Cost of Revenue and Gross Profit

For the three months ended June 30, 2022, our cost of revenue did not significantly change as compared to the same period in 2021.

For the six months ended June 30, 2022, our cost of revenue did not significantly change as compared to the same period in 2021.

### Research and Development Expenses

For the three months ended June 30, 2022, research and development expenses increased \$0.3 million, or 23%, as compared to the same period in 2021. This increase was primarily attributable to a general increase in products and services due to price inflation and an increase in payroll related expenses.

For the six months ended June 30, 2022, research and development expenses increased \$0.3 million, or 12%, as compared to the same period in 2021. This increase was primarily attributable to a general increase in products and services due to price inflation.

### General and Administrative Expenses

For the three months ended June 30, 2022, general and administrative expenses increased \$0.1 million, or 16%, as compared to the same period in 2021. This increase is primarily due to the increase in patent application expenses.

For the six months ended June 30, 2022, general and administrative expenses remained relatively unchanged as compared to the prior year.

### *Sales and Marketing Expenses*

For the three months ended June 30, 2022, sales and marketing remained relatively unchanged as compared to the same period in 2021.

For the six months ended June 30, 2022, sales and marketing expenses increased \$0.1 million, or 19%, as compared to the same period in 2021. This increase was primarily attributable to an overall increase in marketing activities to generate interest in and exposure to the Company's potential new product lines.

### *Grant Expenses*

For the three months ended June 30, 2022, the Company incurred grant expenses of \$0.2 million. The Company had no grant expenses for the same period in 2021 due to the Company being awarded federal grant income subsequent to the second quarter of 2021 (and incurring related grant expense during 2022 and incurring none during 2021).

For the six months ended June 30, 2022, the Company incurred grant expenses of \$0.2 million. The Company had no grant expenses for the same period in 2021 due to the Company being awarded federal grant income subsequent to the second quarter of 2021 (and incurring related grant expense during 2022 and incurring none during 2021).

### *Other Income, Net*

For the three months ended June 30, 2022, other income increased \$0.1 million, or 65%, as compared to the same period in 2021. This increase was primarily due to the incurring of a change in the fair value of the derivative liabilities in the amount of \$0.1 million.

For the six months ended June 30, 2022, other income decreased \$0.1 million, or 18%, as compared to the same period in 2021. This decrease was primarily due to other income of \$0.4 million associated with the forgiveness of the 2020 PPP Loan in the prior year and a change in interest income of \$0.1 million, which was partially offset in the prior year by the incurring of a change in the fair value of the derivative liabilities in the amount of \$0.4 million.

### *Liquidity and Capital Resources*

The condensed consolidated financial statements have been prepared assuming the Company will continue to operate as a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, and does not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from uncertainty related to its ability to continue as a going concern within one year from the date of issuance of these condensed consolidated financial statements.

For the six months ended June 30, 2022, and 2021, the Company incurred a net loss of \$5.4 million and \$4.8 million, respectively, and used cash in operating activities of \$5.7 million and \$5.3 million, respectively. The Company had an accumulated deficit of \$255.8 million and \$250.4 million as of June 30, 2022, and December 31, 2021, respectively. To date, the Company's operations have been principally financed from proceeds from the issuance of preferred and common stock and, to a lesser extent, cash generated from product sales. It is anticipated that the Company will continue to generate operating losses and use cash in operations. The Company's continuation as a going concern is dependent upon its ability to increase sales, and/or raise additional funds through the capital markets. Whether and when the Company can attain profitability and positive cash flows from operations or obtain additional financing is uncertain.

The Company is actively generating additional scientific and clinical data to have it published in leading industry publications. We believe the publication of such data would help sales efforts as the Company approaches new prospects. The Company is also making additional changes to the sales strategy, including a focus on revenue growth by expanding the use of silicon nitride in other areas outside of spinal fusion applications. For instance, results from an independent study demonstrated the potential anti-viral properties of our silicon nitride. We believe that we may be able to apply our silicon nitride powder to personal protection products, such as face masks, gowns and gloves, resulting in inactivation of viruses that come into contact with the items.

The Company has common stock that is publicly traded and has been able to successfully raise capital when needed since the date of the Company's initial public offering in February 2014.

On February 25, 2021, the Company entered into an Equity Distribution Agreement (the "2021 Distribution Agreement") with Maxim Group LLC ("Maxim"), pursuant to which we may sell from time to time, shares of its our common stock, \$0.01 par value per share, having an aggregate offering price of up to \$2.0 million through Maxim, as agent. No shares have been sold under the 2021 Distribution Agreement as of June 30, 2022.

On October 1, 2018, the Company sold the retail spine implant business to CTL Medical. The sale included a \$6 million noninterest bearing note receivable payable over a 36-month term. CTL Medical has paid this note in full, and the Company does not expect any future cashflows associated with the note.

Although the Company is seeking to obtain additional equity and/or debt financing, such funding is not assured and may not be available to the Company on favorable or acceptable terms and may involve significant restrictive covenants. Any additional equity financing is also not assured and, if available to the Company, will most likely be dilutive to its current stockholders. If the Company is not able to obtain additional debt or equity financing on a timely basis, the impact on the Company will be material and adverse.

These uncertainties create substantial doubt about our ability to continue as a going concern. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

#### *Risks Related to COVID-19 Pandemic*

The COVID-19 pandemic is affecting the United States and global economies and may affect the Company's operations and those of third parties on which the Company relies. In response to the spread of COVID-19 and to ensure safety of employees and continuity of business operations, we temporarily restricted access to the Salt Lake City facility, with our administrative employees continuing their work remotely and limited the number of staff in our manufacturing facility. We implemented protective measures such as wearing of face masks, maintaining social distancing, and additional cleaning. Beginning in 2021, we have offered vaccination incentives. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic is difficult to assess or predict, the impact of the COVID-19 pandemic on the global financial markets may reduce the Company's ability to access capital, which could negatively impact the Company's short-term and long-term liquidity. The ultimate impact of the COVID-19 pandemic is highly uncertain and subject to change. The Company does not yet know the full extent of potential delays or impacts on its business, financing or other activities or on healthcare systems or the global economy as a whole. However, these effects could have a material impact on the Company's liquidity, capital resources, operations and business and those of the third parties on which we rely.

#### *Correction of an Immaterial Error*

During the first quarter of 2022 the Company identified an error related to the removal of a loan obligation and the recording of other income for forgiveness of debt totaling approximately \$0.5 million, which forgiveness was recorded on November 24, 2021. The Company has determined that the Company should not have removed the loan obligation and recorded approximately \$0.5 million of other income in the financial statements as of December 31, 2021, and for the year then ended. The error affected the 2021 net loss attributable to common stockholders and net loss per share—basic and diluted. The error also affected total liabilities and accumulated deficit (and total stockholders' equity) as of December 31, 2021. The error did not affect 2021 cash flows from operating activities and total cash flow. The December 31, 2021, consolidated balance sheet and the December 31, 2021, balance in the statement stockholders' equity contained in these financial statements have been restated. The change resulted a reduction of stockholders' equity of \$0.5 million as of December 31, 2021.

#### **Cash Flows**

The following table summarizes, for the periods indicated, cash flows from operating, investing and financing activities (in thousands) – unaudited:

|   | <b>Six Months Ended June 30,</b> |             |
|---|----------------------------------|-------------|
|   | <b>2022</b>                      | <b>2021</b> |
| Net cash used in operating activities               | \$ (5,722)                       | \$ (5,339)  |
| Net cash provided by (used in) investing activities | (295)                            | 1,462       |
| Net cash provided by (used in) financing activities | (509)                            | 701         |
| Net decrease in cash                                | \$ (6,526)                       | \$ (3,176)  |



#### *Net Cash Used in Operating Activities*

Net cash used in operating activities was \$5.7 million during the six months ended June 30, 2022, compared to \$5.3 million used during the six months ended June 30, 2021, an increase of \$0.4 million. The increase in cash used for operating activities during 2022 was primarily due to changes in the movement of working capital items during 2022 as compared to the same period in 2021 as follows: a \$0.2 million increase in cash used in accounts payable, a \$0.1 million increase in cash used in prepaid expenses, a \$0.1 million increase in cash used in payments on operating lease liability, all offset by a \$0.1 million decrease in cash used in inventory. The decrease in the net loss for operations, and related non-cash add backs to the net loss, was \$0.1 million from 2022 when compared to 2021.

#### *Net Cash Provided by (Used in) Investing Activities*

Net cash used in investing activities was \$0.3 million during the six months ended June 30, 2022, compared to \$1.5 million in cash provided by investing activities during the same period in 2021, a decrease of \$1.8 million. The decrease in cash provided in investing activities during 2022 was primarily due to the decrease in cash received of \$1.9 million from the proceeds from notes receivable in 2021 and a \$0.2 million decrease in cash received for the sale of property and equipment offset by a \$0.3 million increase in acquisition net of cash acquired.

#### *Net Cash Provided by Financing Activities*

Net cash used in financing activities was \$0.5 million during the six months ended June 30, 2022, compared to \$0.7 million provided by financing activities during the same period in 2021. The \$1.2 million decrease to net cash provided by financing activities was primarily attributable to \$0.5 million in repayment of a PPP loan in the current year, \$0.5 million in proceeds from a PPP loan and \$0.2 million in proceeds from the exercise of warrants for cash in the prior year.

### **Indebtedness**

#### *2020 PPP Loan*

On April 28, 2020, the Company received funding under a Paycheck Protection Program (“PPP”) loan (the “PPP Loan”) from First State Community Bank (the “Lender”). The principal amount of the PPP Loan was \$0.4 million. The PPP was established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and is administered by the U.S. Small Business Administration (the “SBA”). Loans made under the PPP may be partially or fully forgiven if the recipient complies with the provisions of the CARES Act, including the use of PPP Loan proceeds for payroll costs, rent, utilities and other expenses, provided that such amounts are incurred during a 24-week period that commenced on April 28, 2020 and at least 60% of any forgiven amount has been used for covered payroll costs as defined by the CARES Act. On January 5, 2021, the Lender provided notice to the Company that the principal amount and accrued interest had been forgiven. The Company removed the PPP Loan obligation and recorded other income for forgiveness of debt totaling \$0.4 million. The SBA has until January of 2027 to audit the Company’s compliance with the CARES Act relating to the PPP Loan.

#### *2021 PPP Loan*

On March 15, 2021, the Company received funding under the SBA Second Draw Program under the Paycheck Protection Program (“2021 PPP”) (the “2021 PPP Loan”) from the Lender. The principal amount of the 2021 PPP Loan is \$0.5 million. The Company received notice on November 24, 2021, that the principal amount and accrued interest had been forgiven. The Company removed the 2021 PPP Loan obligation and recorded other income for forgiveness of debt totaling \$0.5 million.

Since receiving the 2021 PPP Loan and learning that the principal amount of the loan and accrued interest had been forgiven, The Company determined that the Company should not have removed the loan obligation and recorded approximately \$0.5 million of other income in the financial statements as of December 31, 2021, and for the year then ended. As a result, the Company has repaid the loan together with processing fees and interest.

#### *Business Loan*

On July 20, 2021, TA&T, entered into a Loan Authorization and Agreement in the amount of approximately \$350,000 (the “Business Loan”). Under the Business Loan, the Company will make monthly installment payments, including principal and interest, of \$1,754. Payments are to begin 18 months from the date of the loan. The balance of principal and interest is payable 30 years from July 20, 2021. The Business Loan bears interest at a rate of 3.75% per annum. The Business Loan is secured by a general security interest in all of the assets of TA&T. The Business Loan contains other standard provisions that are customary of loans of this type.

#### *Related Party Debt*

TA&T is obligated to repay certain personal loans made by the founders of TA&T to TA&T prior to SINTX’s acquisition of TA&T (the Personal Loans”). The total amount of the Personal Loans at June 30, 2022 was approximately \$350,000. The Company agreed to repay the outstanding balance of the Personal Loans in (i) 24 equal monthly installments beginning September 1, 2022 and each month thereafter until paid in full as one prior owner’s portion of the Personal Loans totaling \$157,000, and (ii) for the other owner’s portion of the Personal Loans totaling \$193,000, \$100,000 of which was recorded in accrued liabilities at June 30, 2022. The remaining \$249,000 is to be paid in 12 equal monthly installments beginning September 1, 2022. The related party debt is not collateralized and has no interest rate.

#### *Wells Fargo Line of Credit*

Prior to SINTX’s acquisition of TA&T, TA&T entered into a revolving line of credit with Wells Fargo. As of June 30, 2022, the line of credit with Wells Fargo had an outstanding balance of \$48,707.

## Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined in Item 303(a)(4) of Regulation S-K.

## Critical Accounting Policies and Estimates

A summary of our significant accounting policies and estimates is discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations and in Note 1 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no material changes to those policies for the three months ended June 30, 2022. The preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles requires us to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of assets and liabilities. Significant areas of uncertainty that require judgments, estimates and assumptions include the accounting for income taxes and other contingencies as well as valuation of derivative liabilities, asset impairment and collectability of accounts receivable. We use historical and other information that we consider to be relevant to make these judgments and estimates. However, actual results may differ from those estimates and assumptions that are used to prepare our condensed consolidated financial statements.

## New Accounting Pronouncements

See discussion under Note 1, *Organization and Summary of Significant Accounting Policies*, to the Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q, for information on new accounting pronouncements.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

## ITEM 4. CONTROLS AND PROCEDURES

This Report includes the certifications of our Chief Executive Officer and Principal Financial Officer required by Rule 13a-14 of the Securities Exchange Act of 1934 (the "Exchange Act"). See Exhibits 31.1 and 31.2. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

### Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act, is recorded, processed, summarized, and reported within the time periods specified by the Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act are properly recorded, processed, summarized and reported within the time periods required by the Commission's rules and forms.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (principal executive officer and principal financial officer), of the effectiveness of the design and operation of these disclosure controls and procedures, as such term is defined in Exchange Act Rule 13a-15(e), as of June 30, 2022. Based on this evaluation, the Chief Executive Officer concluded that our disclosure controls and procedures were effective as of June 30, 2022, the end of the period covered by this Quarterly Report on Form 10-Q.

There were no changes in our internal control over financial reporting that occurred during the second quarter of 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II**

### **ITEM 1. LEGAL PROCEEDINGS**

We are not aware of any pending or threatened legal proceeding against us that could have a material adverse effect on our business, operating results or financial condition. The medical device industry is characterized by frequent claims and litigation, including claims regarding patent and other intellectual property rights as well as improper hiring practices. As a result, we may be involved in various additional legal proceedings from time to time.

### **ITEM 1A. RISK FACTORS**

Information regarding risk factors appears in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on March 25, 2022. There have been no material changes from the risk factors previously disclosed in the Annual Report on Form 10-K.

### **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**

None.

# ITEM 6. EXHIBITS

| Exhibit Number | Exhibit Description  | Filed Herewith | Incorporated by Reference herein from Form or Schedule | Filing Date | SEC File/Reg. Number |
|----------------|--|----------------|--|-------------|----------------------|
| 2.1*+          | <a href="#">Stock Purchase Agreement</a>   |                | Form 8-K (Exhibit 2.1)                                 | 07/06/22    | 001-33624            |
| 31.1           | <a href="#">Certificate of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>                                     | X              |  |             |                      |
| 31.2           | <a href="#">Certificate of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>                                 | X              |  |             |                      |
| 32             | <a href="#">Certifications of the Chief Executive Officer and Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a> | X              |  |             |                      |
| 101.INS        | Inline XBRL Instance Document  | X              |  |             |                      |
| 101.SCH        | Inline XBRL Taxonomy Extension Schema Document   | X              |  |             |                      |
| 101.CAL        | Inline XBRL Taxonomy Extension Calculation Linkbase Document   | X              |  |             |                      |
| 101.DEF        | Inline XBRL Taxonomy Extension Definition Linkbase Document  | X              |  |             |                      |
| 101.LAB        | Inline XBRL Taxonomy Extension Label Linkbase Document   | X              |  |             |                      |
| 101.PRE        | Inline XBRL Taxonomy Extension Presentation Linkbase Document  | X              |  |             |                      |
| 104            | Cover Page Interactive Data File (embedded within the Inline XBRL document)  |                |  |             |                      |

\* A portion of Exhibit 10.1 has been omitted as it contains information that (i) is not material and (ii) would be competitively harmful if publicly disclosed.

\* Schedules and exhibits to this Exhibit have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

+ A portion of Exhibit 2.1 has been omitted as it contains information that (i) is not material and (ii) would be competitively harmful if publicly disclosed.

## 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.

SINTX Technologies, Inc.

Date: August 12, 2022

/s/ B. Sonny Bal

B. Sonny Bal

Chief Executive Officer

(Principal Executive Officer and Principal Financial Officer)

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, B. Sonny Bal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SINTX Technologies, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 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 12, 2022

By: /s/ B. Sonny Bal

B. Sonny Bal  
Chief Executive Officer

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## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, B. Sonny Bal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SINTX Technologies, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 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 12, 2022

By: /s/ B. Sonny Bal

B. Sonny Bal

Chief Executive Officer and Principal Financial Officer

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## CERTIFICATIONS UNDER SECTION 906

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of SINTX Technologies, Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The quarterly report for the quarter ended June 30, 2022 (the “Form 10-Q”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2022

By: /s/ B. Sonny Bal

B. Sonny Bal  
Chief Executive Officer

By: /s/ B. Sonny Bal

B. Sonny Bal  
Principal Financial Officer

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