

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020

or

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

For the transition period from _____ to _____

Commission file number 000-53298

MYOS RENS TECHNOLOGY INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

90-0772394

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

45 Horsehill Road, Suite 106
Cedar Knolls, New Jersey 07927

(Address of principal executive offices, including zip code)

(973) 509-0444

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class:	Trading Symbol(s)	Name of each exchange on which registered:
Common Stock, \$0.001 par value Series A Preferred Stock Purchase Rights, \$0.001 par value	MYOS	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant (1) has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
 Non-accelerated filer
 Accelerated filer
 Smaller reporting company
 Emerging growth company

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

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

As of November 5, 2020, there were 12,191,795 shares of the registrant's common stock outstanding.

MYOS RENS TECHNOLOGY INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	September 30, 2020 <u>(Unaudited)</u>	December 31, 2019 <u></u>
ASSETS		
Current assets:		
Cash	\$ 791	\$ 64
Accounts receivable, net	60	5
Inventories, net	1,368	1,666
Prepaid expenses	94	23
Total current assets	<u>2,313</u>	<u>1,758</u>
Operating lease right of use asset	151	192
Deferred offering costs	-	95
Fixed assets, net	78	97
Intangible assets, net	739	896
Total assets	<u>\$ 3,281</u>	<u>\$ 3,038</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 127	\$ 277
Accrued expenses and other current liabilities	4	230
Operating lease liabilities – current portion	62	46
Related party promissory note payable and accrued interest	661	1,159
Total current liabilities	<u>854</u>	<u>1,712</u>
Long-term liabilities:		
Note Payable PPP loan	310	-
Operating lease liabilities – net of current portion	95	146
Total liabilities	<u>1,259</u>	<u>1,858</u>
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 500,000 shares authorized; no shares issued and outstanding		
Common stock, \$0.001 par value; 15,000,000 shares authorized; 11,846,795 and 9,176,908 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	12	9
Additional paid-in capital	43,787	40,496
Accumulated deficit	(41,777)	(39,325)
Total stockholders' equity	<u>2,022</u>	<u>1,180</u>
Total liabilities and stockholders' equity	<u>\$ 3,281</u>	<u>\$ 3,038</u>

See accompanying notes to condensed consolidated financial statements

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net revenues	\$ 485	\$ 350	\$ 1,104	653
Cost of revenues	248	174	578	316
Gross profit	237	176	526	337
Operating expenses:				
Selling, marketing and research	233	339	662	951
Personnel and benefits	393	406	1,226	1,226
General and administrative	419	342	1,063	1,200
Total operating expenses	1,045	1,087	2,951	3,377
Operating loss	(808)	(911)	(2,425)	(3,040)
Interest expense, net	(7)	(10)	(27)	(31)
Net loss	\$ (815)	\$ (921)	\$ (2,452)	\$ (3,071)
Net loss per share attributable to common shareholders:				
Basic and diluted	\$ (0.07)	\$ (0.10)	\$ (0.22)	\$ (0.35)
Weighted average number of common shares outstanding:				
Basic and diluted	11,846,795	9,173,851	10,996,891	8,675,666

See accompanying notes to condensed consolidated financial statements

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; in thousands)

	Nine Months Ended September 30,	
	2020	2019
Cash Flows From Operating Activities:		
Net loss	\$ (2,452)	\$ (3,071)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	19	20
Amortization	157	262
Stock-based compensation	236	93
Non-cash lease expense	41	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(55)	34
Decrease in other current asset	-	1,124
Decrease in inventories	298	51
Increase in prepaid expenses and other assets	(71)	(88)
Decrease in operating lease liabilities	(35)	-
Decrease in other asset bond deposit	-	50
Increase in deferred revenue	-	20
Increase in accrued interest on promissory note payable	27	29
Decrease in accounts payable and accrued expenses	(376)	(428)
Net cash used in operating activities	<u>(2,211)</u>	<u>(1,904)</u>
Cash Flows From Financing Activities:		
Proceeds from registered direct offering of common stock, net	1,298	438
Proceeds from related party promissory note	300	-
Proceeds from note payable PPP loan	310	-
Deferred offering costs from at-the market transaction	-	(3)
Proceeds from issuance of common stock in private placement	1,030	1,850
Net cash provided by financing activities	<u>2,938</u>	<u>2,285</u>
Net increase in cash	727	381
Cash at beginning of period	64	15
Cash at end of period	<u>\$ 791</u>	<u>\$ 396</u>
Supplemental schedule of non-cash investing and financing activities:		
Conversion of related party promissory note payable into shares of common stock	825	250
Reclassification of deferred offering costs to additional paid in capital	95	16

See accompanying notes to condensed consolidated financial statements

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Nine Months Ended September 30, 2020				
	Common Stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount			
Balance at December 31, 2019	9,176,908	\$ 9	\$ 40,496	\$ (39,325)	\$ 1,180
Proceeds from sale of common stock, net	964,102	1	1,202	-	1,203
Proceeds from private placement of common stock	851,240	1	1,029	-	1,030
Issuance of common stock upon exchange of related party promissory note payable	681,818	1	824	-	825
Stock-based compensation expense	-	-	27	-	27
Issuance of restricted common stock	172,727	-	209	-	209
Net loss	-	-	-	(2,452)	(2,452)
Balance at September 30, 2020	<u>11,846,795</u>	<u>\$ 12</u>	<u>\$ 43,787</u>	<u>\$ (41,777)</u>	<u>\$ 2,022</u>

	Nine Months Ended September 30, 2019				
	Common Stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount			
Balance at December 31, 2018	7,481,723	\$ 8	\$ 37,880	\$ (35,067)	\$ 2,821
Proceeds from sale of common stock	111,129	-	211	-	211
Proceeds from private placement of common stock	1,267,123	1	1,849	-	1,850
Issuance of common stock upon exchange of related party promissory note payable	171,233	-	250	-	250
Stock-based compensation expense	-	-	93	-	93
Issuance of restricted common stock	145,700	-	211	-	211
Net loss	-	-	-	(3,071)	(3,071)
Balance at September 30, 2019	<u>9,176,908</u>	<u>\$ 9</u>	<u>\$ 40,494</u>	<u>\$ (38,138)</u>	<u>\$ 2,365</u>

	Three Months Ended September 30, 2020				
	Common Stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount			
Balance at June 30, 2020	11,846,795	\$ 12	\$ 43,778	\$ (40,962)	\$ 2,828
Stock-based compensation expense	-	-	9	-	9
Net loss	-	-	-	(815)	(815)
Balance at September 30, 2020	<u>11,846,795</u>	<u>\$ 12</u>	<u>\$ 43,787</u>	<u>\$ (41,777)</u>	<u>\$ 2,022</u>

	Three Months Ended September 30, 2019				
	Common Stock		Additional paid-in capital	Accumulated deficit	Total stockholders' equity
	Shares	Amount			
Balance at June 30, 2019	9,170,658	\$ 9	\$ 40,462	\$ (37,217)	\$ 3,254
Stock-based compensation expense	-	-	22	-	22
Issuance of restricted common stock	6,250	-	10	-	10
Net loss	-	-	-	(921)	(921)
Balance at September 30, 2019	<u>9,176,908</u>	<u>\$ 9</u>	<u>\$ 40,494</u>	<u>\$ (38,138)</u>	<u>\$ 2,365</u>

See accompanying notes to condensed consolidated financial statements

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(Unaudited; amounts in thousands, except share and per share amounts, unless otherwise indicated)

NOTE 1 – NATURE OF OPERATIONS, BASIS OF PRESENTATION AND LIQUIDITY

Nature of Operations

MYOS RENS Technology Inc. (the “Company” or “MYOS”) is focused on the discovery, development and commercialization of advanced nutrition products that improve muscle health and performance. The Company was incorporated under the laws of the State of Nevada on April 11, 2007. On March 17, 2016, the Company merged with its wholly-owned subsidiary and changed its name from MYOS Corporation to MYOS RENS Technology Inc. As used in these condensed consolidated financial statements, the terms “the Company”, “MYOS”, “our”, or “we”, refers to MYOS RENS Technology Inc. and its subsidiary, unless the context indicates otherwise. On February 25, 2011, the Company entered into an agreement to acquire the intellectual property for Fortetropin[®], our proprietary active ingredient from Peak Wellness, Inc. The Company’s activities are subject to significant risks and uncertainties.

Our commercial focus is to leverage our clinical data to develop multiple products to target the large, but currently underserved, markets focused on muscle health. The sales channels through which we sell our products are evolving. The first product we introduced was MYO-T12, a proprietary formula containing Fortetropin[®] and other ingredients which was sold in the sports nutrition market.

In May 2016, we launched Physician Muscle Health Formula[®], a proprietary formulation containing Fortetropin[®] and sold the product directly to physicians to distribute to their patients who are focused on wellness. The Company relaunched the product as part of its longevity marketing strategy in December 2019. In March 2017 we launched Qurr[®], a Fortetropin[®]-powered product line that is available on our direct-to-consumer platform. We recorded \$19 and \$42 in net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our longevity product lines.

In March 2018, we launched Yolked[®], a Fortetropin[®]-powered product which is NSF Certified for Sports, and developed and marketed to collegiate and professional athletes who want to increase their muscle size and performance with an all-natural advanced nutrition product. The Company recorded \$176 and \$229 of net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our Yolked[®] product line.

In June 2018, we launched our Fortetropin[®] based pet product Myos Canine Muscle Formula[®] (“MCMF”). Two veterinarian hospitals had previously performed some informal observational studies with older dogs experiencing muscle atrophy and saw positive results after taking our pet product. We believe that the positive feedback received from the veterinarian community, together with the positive results from our Kansas State University study, will enable us to grow our pet business product line. The Company recorded \$853 and \$282 of net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our MCMF product line.

In our White Label business we work with various manufacturers to create new brands and products using Fortetropin[®] as the foundation. We recorded \$56 and \$100 of net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our White Label business.

We continue to pursue additional distribution and branded sales opportunities. There can be no assurance that we will be able to secure distribution arrangements on terms acceptable to us, or that we will be able to generate significant sales of our current and future branded products. We expect to continue developing our own core branded products in markets such as functional foods, sports and fitness nutrition and to pursue international sales opportunities. We remain committed to continuing our focus on various clinical trials in support of enhancing our commercial strategy as well as enhancing our intellectual property assets, to develop product improvements and new products, and to reduce the cost of our products by finding more efficient manufacturing processes and contract manufacturers.

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020
(Unaudited; amounts in thousands, except share and per share amounts, unless otherwise indicated)

Merger with MedAvail, Inc.

Merger Agreement

On June 30, 2020, MYOS and MedAvail, Inc., a privately-held Delaware corporation (“MedAvail”), entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”), by and among MYOS, MedAvail, and Matrix Merger Sub, Inc., a newly-created wholly-owned subsidiary of MYOS (“Merger Sub”), pursuant to which, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into MedAvail, with MedAvail being the surviving corporation and a wholly-owned subsidiary of MYOS (the “Merger”). The Boards of Directors of MYOS and MedAvail have both approved the Merger and have recommended approval of the Merger by their respective shareholders. MedAvail is a private, in-clinic telemedicine-enabled pharmacy organization based in Ontario, Canada that has developed and commercialized a proprietary robotic dispensing platform and home delivery operation focused on the Medicare Advantage market in the United States.

At the effective time of the Merger (the “Effective Time”): (a) each share of MedAvail’s common stock and each share of MedAvail’s preferred stock outstanding immediately prior to the Effective Time, excluding any dissenting shares, will be automatically converted solely into the right to receive a number of shares of MYOS common stock (“MYOS Common Stock”) calculated according to the exchange ratio described below; (b) each outstanding MedAvail stock option that has not been exercised prior to the Effective Time will be assumed by MYOS; and (c) each outstanding warrant to acquire MedAvail capital stock that has not been exercised prior to the Effective Time will be assumed by MYOS. Under the exchange ratio formula in the Merger Agreement, as of immediately after the Merger, the former MedAvail security holders are expected to own approximately 96.5% of the aggregate number of fully-diluted shares of MYOS Common Stock outstanding following the consummation of the Merger (the “Post-Closing Shares”), and the stockholders of MYOS immediately prior to the Merger are expected to own approximately 3.5% of the Post-Closing Shares, subject to the adjustments set forth in the Merger Agreement. The exchange ratio will be fixed prior to the closing of the Merger to reflect MYOS’s and MedAvail’s respective capitalizations as of immediately prior to the Effective Time. The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Immediately following the Merger, the name of the post-merger combined company (the “Post-Merger Combined Company”) is expected to be changed from “MYOS RENS Technology Inc.” to “MedAvail Holdings, Inc.” The Merger Agreement provides that the Board of Directors of the Post-Merger Combined Company will consist of members who are currently directors of MedAvail. The executive officers of the Post-Merger Combined Company will be designated by MedAvail, with MedAvail’s Chief Executive Officer, Ed Kilroy, expected to be the Post-Merger Combined Company’s Chief Executive Officer and MedAvail’s Chief Financial Officer, Ryan Ferguson, expected to be the Post-Merger Combined Company’s Chief Financial Officer.

The Merger Agreement contains certain customary termination rights, including, among others, (a) the right of either MYOS or MedAvail to terminate the Merger Agreement if the other party’s stockholders fail to adopt and approve the Merger Agreement, (b) the right of either party to terminate the Merger Agreement if the other party’s board of directors changes or withdraws its recommendation in favor of the transactions, (c) the right of either party to terminate the Merger Agreement if the Merger has not occurred by the six month anniversary of the date of the Merger Agreement, (d) the right of either party to terminate the Merger Agreement due to a material breach by the other party of any of its representations, warranties or covenants which would result in the closing conditions not being satisfied, subject to certain conditions, and (e) the right of either party to terminate the Merger Agreement if a court of competent jurisdiction or other governmental body issues a final and non-appealable order, decree or ruling, or has taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger and related transactions. Upon the termination of the Merger Agreement by MYOS or MedAvail, a termination fee of (i) \$500,000 may be payable by MYOS to MedAvail, or (ii) \$750,000 may be payable by MedAvail to MYOS.

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020
(Unaudited; amounts in thousands, except share and per share amounts, unless otherwise indicated)

Assignment and Assumption Agreement and Subscription and Stock Purchase Agreement

The Merger Agreement provides that, prior to the consummation of the Merger, MYOS will transfer and assign all of its assets and liabilities into MYOS Corp., a newly-created, wholly-owned subsidiary of MYOS, pursuant to an Assignment and Assumption Agreement (the "Assignment and Assumption Agreement") and a related Subscription and Stock Purchase Agreement (the "Subscription and Stock Purchase Agreement"). The shares of MYOS Corp., immediately after the closing of the Merger, will be spun-out from the Post-Merger Combined Company through a dividend of the stock of MYOS Corp. to the pre-Merger MYOS shareholders, resulting in MYOS Corp., a private company, continuing the current business operations of MYOS. MedAvail will pay MYOS Corp. \$2 million in cash upon the closing of the Merger and issue a promissory note for an additional \$3 million, payable in installments within one year of the closing of the Merger.

Amendment to Rights Agreement

On June 30, 2020 MYOS entered into the Second Amendment to Rights Agreement (the "Amendment") with Transshare, as rights agent, which amends the Rights Agreement, dated as of February 14, 2017, previously entered into between MYOS and Island Stock Transfer as rights agent, as amended on February 14, 2020, with Transshare as the successor rights agent (the "Rights Agreement"). The Amendment amends the Rights Agreement to provide, among other things, that (i) neither the approval, execution, delivery or performance or, if approved by the board of directors of MYOS, amendment, modification or waiver of the Merger Agreement or the Voting Agreement or the consummation of the Merger or any other transaction contemplated by the Merger Agreement or the Voting Agreement, nor the public announcement of any of the foregoing will (a) cause any person to (1) become an Acquiring Person (as defined in the Rights Agreement) or be deemed to have become an Acquiring Person or (2) be deemed to have acquired Beneficial Ownership (as defined in the Rights Agreement) of any securities of MYOS or (b) result in the occurrence or deemed occurrence of a Distribution Date (as defined in the Rights Agreement), consolidation or merger or other event or occurrence resulting in a triggering of rights of holders of Rights (as defined in the Rights Agreement), or of obligations of MYOS under the Rights Agreement, and (ii) the Rights will expire in their entirety, and the Rights Agreement will terminate upon the earliest of (a) immediately prior to the Effective Time, (b) the Close of Business (as defined in the Rights Agreement) on February 21, 2021, (c) the time at which all Rights are redeemed, (d) the time at which all Rights are exchanged and (e) the closing of any merger or other acquisition involving MYOS at which time the Rights are terminated.

Basis of Presentation

The accompanying condensed consolidated balance sheet as of December 31, 2019 has been derived from our audited consolidated financial statements, and the unaudited interim condensed consolidated financial statements as of September 30, 2020 have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Certain information and disclosures required by U.S. GAAP for complete consolidated financial statements have been condensed or omitted herein. The unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 24, 2020. The unaudited interim condensed consolidated financial statements presented herein reflect all normal adjustments that are, in the opinion of management, necessary for a fair presentation of the statement of the financial position, results of operations and cash flows for the periods presented. The results of any interim period are not necessarily indicative of the results for the full year.

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020
(Unaudited; amounts in thousands, except share and per share amounts, unless otherwise indicated)

Going Concern and Liquidity

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. GAAP, which contemplates the continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustment that might become necessary should the Company be unable to continue as a going concern.

The Company has suffered recurring losses from operations and incurred a net loss of \$2,452 for the nine months ended September 30, 2020. The accumulated deficit as of September 30, 2020 was \$41,777. The Company has not yet achieved profitability and expects to continue to incur cash outflows from operations. It is expected that its operating expenses will continue to increase and, as a result, the Company will eventually need to generate significant product revenues to achieve profitability. These conditions indicate that there is substantial doubt about the Company's ability to continue as a going concern within one year after the condensed consolidated financial statement issuance date.

As of September 30, 2020, the Company had cash of \$791 and working capital of \$1,459 (current assets of \$2,313 less current liabilities of \$854). For the nine months ended September 30, 2020 and 2019, our net loss was \$2,452 and \$3,071, respectively. For the nine months ended September 30, 2020 and 2019, net cash used in operating activities was \$2,211 and \$1,904, respectively.

As of the filing date of this quarterly report on Form 10-Q (the "Report"), management believes that there may not be sufficient capital resources from operations and existing financing arrangements in order to meet operating expenses and working capital requirements for the next twelve months.

Accordingly, we are evaluating various alternatives, including reducing operating expenses, securing additional financing through debt or equity securities to fund future business activities and other strategic alternatives. The Company entered into the Merger Agreement on June 30, 2020 and expects the Merger to close before the end of the year. There can be no assurance that the Company will be able to generate the level of operating revenues in its business plan, or if additional sources of financing will be available on acceptable terms, if at all. If no additional sources of financing are available, our future operating prospects may be adversely affected. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Since the date of the Annual Report on Form 10-K for the year ended December 31, 2019, there have been no material changes to the Company's significant accounting policies, except as disclosed in this note.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less and money market accounts to be cash equivalents. At September 30, 2020 and December 31, 2019, the Company had no cash equivalents. The Company maintains its bank accounts with high credit quality financial institutions and has never experienced any losses related to these bank accounts. The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its financial institutions. As part of our ongoing liquidity assessments management evaluates our cash and cash equivalents. The amount of funds held in these accounts can fluctuate due to the timing of receipts and payments in the ordinary course of business and due to other reasons, such as business-development activities so the Company may at times have exposure to cash in excess of FDIC insured limits. At September 30, 2020, total cash in the Company's bank accounts was \$791, which exceeded the FDIC coverage limit of \$250. There were no accounts that exceeded the FDIC limit at December 31, 2019.

MYOS RENS TECHNOLOGY INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

(Unaudited; amounts in thousands, except share and per share amounts, unless otherwise indicated)

Concentrations of Credit Risk, Customers and Suppliers

Management regularly reviews accounts receivable, and if necessary, establishes an allowance for doubtful accounts that reflects management's best estimate of amounts that may not be collectible based on historical collection experience and specific customer information. Accounts receivable is non-interest bearing. Credit is issued to customers without collateral. If an account becomes delinquent, management will review if a write off is appropriate. Expense recognized as a result of an allowance for doubtful accounts is classified under general and administrative expenses in the condensed consolidated statements of operations.

For the three and nine months ended September 30, 2020 and 2019, the Company did not have any revenue, accounts receivable or supplier concentrations.

Deferred Offering Costs

The Company defers as other assets the direct incremental costs of raising capital until such time as the offering is completed. At the time of the completion of the offering, the costs are charged against the capital raised. Should the offering not be completed, deferred offering costs are charged to operations in accordance with SEC guidance. As of September 30, 2020 and December 31, 2019, deferred offering costs of \$0 and \$95, respectively, were included as a noncurrent asset on the accompanying condensed consolidated balance sheets related to a July 2018 sales agreement.

Intangible Assets

The Company's intangible assets consist primarily of intellectual property pertaining to Fortetropin[®], including its formula, trademarks, trade secrets, patent application and domain names which were determined to have a fair value of \$2,000 as of December 31, 2011. Management determined that the intellectual property had a finite useful life of ten (10) years and began amortizing the asset over its estimated useful life beginning April 2014.

Intangible assets also includes patent costs associated with applying for a patent and being issued a patent. Costs to defend a patent and costs to invalidate a competitor's patent or patent application are expensed as incurred. Upon issuance of the patent, capitalized patent costs are reclassified to intangibles with finite lives and amortized on a straight-line basis over the shorter of the estimated economic life or the initial term of the patent, generally 20 years.

Our policy is to evaluate intangible assets subject to amortization for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Impairment testing of intangible assets subject to amortization involves comparing the carrying amount of the asset to the forecasted undiscounted future cash flows. In the event the carrying value of the asset exceeds the undiscounted future cash flows, the carrying value is considered not recoverable and an impairment exists. An impairment loss is measured as the excess of the asset's carrying value over its fair value, calculated using a discounted future cash flow method. Assets which are not impaired may require an adjustment to the remaining useful lives for which to amortize the asset. There were no impairment charges for the three and nine months ended September 30, 2020 and 2019. Intangible assets at September 30, 2020 and December 31, 2019 consisted of the following:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Intangibles with finite lives:		
Intellectual property	\$ 2,101	\$ 2,101
Less: accumulated amortization – intellectual property	(1,362)	(1,205)
Total intangible assets, net	\$ 739	\$ 896

Amortization expense related to intangible assets for the nine months ended September 30, 2020 and 2019 was \$157 and \$262, respectively, and \$52 and \$106 for the three months ended September 30, 2020 and 2019, respectively.

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Net Revenues

Revenue Recognition

Net revenues include products and shipping and handling charges, net of estimates for incentives and other sales allowances or discounts. Our product sales generally do not provide for rights of return. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products. All revenue is recognized when we satisfy our performance obligations under the contract. We recognize revenue by transferring the promised products to the customer, with revenue recognized at the point in time the customer obtains control of the products. We consider charges associated with shipping and handling activities as costs to fulfill our performance obligations. Using probability assessments, we estimate sales incentives expected to be paid over the term of the contract. The majority of our contracts have a single performance obligation and are short term in nature. Sales taxes that are collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from net revenues.

Disaggregation of Net Revenues

Our net revenues by product type are presented below for the three months ended September 30, 2020 and 2019.

Product Type	Three months ended September 30,	
	2020	2019
Myos Canine Muscle Formula® (1)	\$ 376	\$ 132
Yolked® (2)	72	108
Longevity (includes Qurr® (3) and Physician Muscle Health Formula (4) brands)	9	10
White Label	28	100
Total Net Revenues	\$ 485	\$ 350

Our net revenues by product type are presented below for the nine months ended September 30, 2020 and 2019.

Product Type	Nine months ended September 30,	
	2020	2019
Myos Canine Muscle Formula® (1)	\$ 853	\$ 282
Yolked® (2)	176	229
Longevity (includes Qurr® (3) and Physician Muscle Health Formula (4) brands)	19	42
White Label	56	100
Total Net Revenues	\$ 1,104	\$ 653

- (1) Launched in June 2018
- (2) Launched in March 2018
- (3) Launched in March 2017
- (4) Launched in May 2016; relaunched in December 2019

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Contract Assets and Liabilities

The Company did not have any contract assets and contract liabilities from contracts with customers as of September 30, 2020 or December 31, 2019. Contract liabilities represent payments received from customers for which the Company had not yet satisfied its performance obligation under the contract. For the three and nine months ended September 30, 2020 and 2019 there was no revenue recognized from performance obligations satisfied (or partially satisfied) in previous periods.

Advertising, Marketing and Promotions

The Company charges the costs of advertising to sales and marketing expenses as incurred. Advertising and marketing costs were \$404 and \$667 for the nine months ended September 30, 2020 and 2019, respectively, and \$156 and \$200 for the three months ended September 30, 2020 and 2019, respectively. Advertising costs consisted primarily of marketing costs for our Yolked® and Myos Canine Muscle Formula® products.

Shipping and Handling Costs

The Company records costs for the shipping and handling of products to its customers in cost of revenues. These expenses were \$31 and \$46 for the nine months ended September 30, 2020 and 2019, respectively and \$15 and \$30 for the three months ended September 30, 2020 and 2019, respectively.

Research and Development

Research and development expenses consist primarily of the cost of manufacturing our product for clinical study, the cost of conducting clinical studies and the cost of conducting preclinical and research activities. Nonrefundable advance payments for goods or services that will be used or rendered for future research and development activities are initially capitalized and are then recognized as an expense as the related goods are consumed or the services are performed. Research and development expenses were \$37 and \$137 for the nine months ended September 30, 2020 and 2019, respectively and \$10 and \$48 for the three months ended September 30, 2020 and 2019, respectively.

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Basic and Diluted Loss Per Share

Basic net loss per share is computed by dividing net loss available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing net loss for the period by the weighted average number of common shares outstanding during the period increased to include the number of additional shares of common stock that would have been outstanding if potential dilutive securities outstanding had been issued. The Company uses the "treasury stock" method to determine the dilutive effect of common stock equivalents such as options, warrants and restricted stock. For the three and nine months ended September 30, 2020 and 2019, the Company incurred a net loss. Accordingly, the Company's common stock equivalents were anti-dilutive and excluded from the diluted net loss per share computation.

The aggregate number of potentially dilutive common stock equivalents outstanding at September 30, 2020 excluded from the diluted net loss per share computation because their inclusion would be anti-dilutive were 1,034,740, which includes warrants to purchase an aggregate of 375,000 shares of common stock and options to purchase an aggregate of 659,740 shares of common stock and rights under the Rights Agreement.

The aggregate number of potentially dilutive common stock equivalents outstanding at September 30, 2019 excluded from the diluted net loss per share computation because their inclusion would be anti-dilutive were 1,219,096 which includes warrants to purchase an aggregate of 663,356 shares of common stock and options to purchase an aggregate of 555,740 shares of common stock.

Income Taxes

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. Under Accounting Standards Codification Topic 740 ("ASC 740"), *Income Taxes*, the effects of new legislation are recognized upon enactment. Accordingly, the CARES Act is effective beginning in the quarter ended March 31, 2020. While the Company is currently evaluating how provisions in the CARES Act will impact its condensed consolidated financial statements, it does not currently believe that such provisions will have a material impact on the Company's condensed consolidated financial statements.

NOTE 3 – RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*. The amendments in ASU 2019-12 simplify the accounting for income taxes by removing certain exceptions to the general principles in ASC 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. ASU 2019-12 will be effective for the Company's fiscal year beginning after December 15, 2020, with early adoption permitted. The transition requirements are dependent upon each amendment within this update and will be applied either prospectively or retrospectively. The Company does not expect this ASU to have a material impact on its condensed consolidated financial statements.

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NOTE 4 – INVENTORIES, NET

Inventories, net at September 30, 2020 and December 31, 2019 consisted of the following:

	September 30, 2020	December 31, 2019
Raw materials	\$ 990	\$ 1,264
Work in process	61	15
Finished goods	367	450
	1,418	1,729
Less: inventory reserves	(50)	(63)
Inventories, net	<u>\$ 1,368</u>	<u>\$ 1,666</u>

NOTE 5 – FIXED ASSETS, NET

Fixed assets, net at September 30, 2020 and December 31, 2019 consisted of the following:

	September 30, 2020	December 31, 2019
Furniture, fixtures and equipment	\$ 116	\$ 116
Computers and software	68	68
Leasehold improvements	239	239
Other	7	7
Total fixed assets	430	430
Less: accumulated depreciation and amortization	(352)	(333)
Net book value of fixed assets	<u>\$ 78</u>	<u>\$ 97</u>

Depreciation expense was \$19 and \$20 for the nine months ended September 30, 2020 and 2019, respectively, and \$5 and \$6 for the three months ended September 30, 2020 and 2019, respectively.

NOTE 6 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of various payments that the Company has made in advance for goods or services to be received in the future. Prepaid expenses and other current assets at September 30, 2020 and December 31, 2019 consisted of the following:

	September 30, 2020	December 31, 2019
Prepaid consulting fees	\$ 32	\$ 9
Prepaid Nasdaq fees	11	-
Prepaid marketing costs	40	6
Prepaid other expenses	11	8
Total prepaid expenses and other current assets	<u>\$ 94</u>	<u>\$ 23</u>

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NOTE 7 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of estimated future payments that relate to the current and prior accounting periods. Management reviews these estimates regularly to determine their reasonableness. Accrued expenses and other current liabilities at September 30, 2020 and December 31, 2019 consisted of the following:

	September 30, 2020	December 31, 2019
Board compensation	\$ -	\$ 209
Other	4	21
Total accrued expenses and other current liabilities	\$ 4	\$ 230

NOTE 8 – RELATED PARTY PROMISSORY NOTE PAYABLE

On August 30, 2018, the Company issued an unsecured promissory note (the “Note”) in the principal amount of \$750 in favor of Joseph Mannello, the Company’s chief executive officer (the “Lender”).

The Note accrues interest at a rate of 5% per annum and all payments of principal, interest and other amounts under the original Note were payable on March 31, 2020. On March 31, 2020, the Company modified its Note to extend the maturity to March 31, 2021. The Company may prepay, in whole or in part, at any time, the principal, interest and other amounts owed under the Note, without penalty.

In January 2020, the Lender advanced an additional \$300 to the Company for general working capital purposes.

On March 2, 2020, the Company entered into securities purchase agreements for a private placement with a group of accredited investors, including four members of the Company’s board of directors. In connection with the closing of the private placement on March 5, 2020, the Company issued 851,240 shares of common stock for aggregate cash proceeds of \$1,030 and \$825 of the principal amount of the Note was exchanged for 681,818 shares of common stock.

As of September 30, 2020, the total amounts outstanding under the Note was \$580 of principal and \$81 of accrued interest.

NOTE 9 – NOTE PAYABLE – PAYCHECK PROTECTION PROGRAM

On April 22, 2020, the Company received loan proceeds in the amount of \$310 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% per annum, with a deferral of payments for the first six months. The Company intends to use the proceeds for purposes consistent with the PPP. While the Company currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan in whole, there can be no assurance that it will not take actions that could cause the Company to be ineligible for forgiveness of the loan, in whole or in part. The Company intends to apply for forgiveness when the portal becomes available. As of September 30, 2020, no amount of the PPP loan had been forgiven.

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NOTE 10 – STOCKHOLDERS’ EQUITY

Authorized Capital

As of September 30, 2020, the Company was authorized to issue 15,000,000 shares of common stock, \$0.001 par value, and 500,000 shares of preferred stock, \$0.001 par value. The holders of the Company’s common stock are entitled to one vote per share.

Preferred Stock Purchase Rights

Effective February 14, 2017, the board of directors declared a dividend of one right (“Right”) for each of the Company’s issued and outstanding shares of common stock. The Rights were granted to the stockholders of record at the close of business on February 24, 2017. Each Right entitles the registered holder, upon the occurrence of certain events specified in the Rights Agreement, to purchase from the Company one one-thousandth of a share of the Company’s Series A Preferred Stock at a price of \$7.00, subject to certain adjustments. The Rights are not exercisable until the occurrence of certain events, including a person acquiring or obtaining the right to acquire beneficial ownership of 10% or more of the Company’s outstanding common stock. The Rights are evidenced by certificates for the common stock and automatically transfer with the common stock unless they become exercisable. If the Rights become exercisable, separate certificates evidencing the Rights will be distributed to each holder of common stock. Holders of the preferred stock will be entitled to certain dividend, liquidation and voting rights. The Rights are redeemable by the Company at a fixed price as determined by the board of directors, after certain defined events.

On February 14, 2020, the Company amended the Rights Agreement to, among other things extend the expiration date to February 14, 2021. In connection with the Merger Agreement, the Company amended the Rights Agreement on September 30, 2020 (see Note 1.)

As of September 30, 2020, the Rights have no dilutive effect on the earnings per common share calculation and no shares of preferred stock have been issued. At the time of issuance, the Company determined that these Rights have a de minimis fair value.

Issuance of Common Stock

The Company has periodically issued common stock in connection with certain private and public offerings. For the nine months ended September 30, 2020, the Company received aggregate net proceeds of \$2,233 from these offerings:

Date	Shares	Net Proceeds
March 5, 2020	851,240 ⁽¹⁾	\$ 1,030
January 1, 2020 through September 30, 2020 at-the-market offerings	964,102 ⁽²⁾	1,203

- (1) Shares issued pursuant to a private placement with accredited investors for \$1.21 per share.
- (2) Shares of common stock sold at various prices in at-the-market offerings from \$1.18 to \$1.55 per share.

See Note 8 for a description of the issuance of common stock on March 5, 2020 in connection with the exchange of a portion of the related party promissory notes payable.

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At-the-Market Offering

On January 23, 2020, the Company sold 7,322 shares of common stock for \$1.50 per share for gross proceeds of \$11 in an at-the-market offering.

On February 3, 2020, the Company sold 140,085 shares of common stock for \$1.55 per share for gross proceeds of \$217 in an at-the-market offering.

On May 12, 2020, the Company sold 81,695 shares of common stock for \$1.18 per share for gross proceeds of \$97 in an at-the-market offering.

On May 26, 2020, the Company sold 735,000 shares of common stock for \$1.38 per share for gross proceeds of \$976 in an at-the-market offering.

As of the filing date of this Report, a total of 1,075,231 shares were sold under this program for aggregate gross proceeds of \$1,512 since the sales agreement began in July 2018.

NOTE 11 – STOCK-BASED COMPENSATION

Equity Incentive Plan

The Company increased the number of shares available for issuance under its 2012 Equity Incentive Plan (as amended, the “Plan”) from 850,000 to 1,200,000 in December 2019, which was approved by the Company’s shareholders in December 2019. The plan provides for the issuance of up to 1,200,000 shares. The Plan provides for grants of stock options, stock appreciation rights, restricted stock, other stock-based awards and other cash-based awards. As of September 30, 2020, the remaining shares of common stock available for future issuances of awards was 560,260. See Note 16 – Subsequent Event for details regarding issuances of restricted shares to employees under the Plan.

Stock options generally vest and become exercisable with respect to 100% of the common stock subject to such stock option on the third (3rd) anniversary of the date of grant. Any unvested portion of a stock option shall expire upon termination of employment or service of the participant granted the stock option, and the vested portion shall remain exercisable in accordance with the provisions of the Plan.

Stock-Based Compensation

Stock-based compensation consists of expenses related to the issuance of stock options and restricted stock. Stock-based compensation expenses were \$9 and \$28 for the three months ended September 30, 2020 and 2019, respectively, and \$236 and \$93 for the nine months ended September 30, 2020 and 2019, respectively.

On March 31, 2020, the Company issued 172,727 shares of its common stock with a fair value of \$209 to members of its board of directors in connection with 2019 services. These restricted shares vested immediately upon issuance.

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NOTE 12 – COMMITMENTS AND CONTINGENCIES

Defined Contribution Plan

The Company established a 401(k) Plan (the “401(k) Plan”) for eligible employees of the Company effective April 1, 2014. Generally, all employees of the Company who are at least twenty-one years of age and who have completed three months of service are eligible to participate in the 401(k) Plan. The 401(k) Plan is a defined contribution plan that provides that participants may make salary deferral contributions, of up to the statutory maximum allowed by law (subject to catch-up contributions) in the form of voluntary payroll deductions. As of April 1, 2020 the Company decided to not match 401(k) contributions until the Company becomes profitable. The Company’s aggregate matching contributions were \$11 and \$26 for the nine months ended September 30, 2020 and 2019, respectively, and \$0 and \$8 for the three months ended September 30, 2020 and 2019, respectively.

NOTE 13 – OPERATING LEASES

The Company has operating leases for its executive office (approximately 5,225 square feet of space) and office equipment. The remaining terms on these leases range from 3 to 4 years. The Company does not have any financing leases. The components of lease expense of \$51 and \$48 for the nine months ended September 30, 2020 and September 30, 2019, respectively, were recorded in the condensed consolidated statements of operations. The components of lease expense of \$18 and \$10 for the three months ended September 30, 2020 and September 30, 2019, respectively, were recorded in the condensed consolidated statements of operations.

There were no material operating and financing leases that the Company had entered into that were yet to commence as of September 30, 2020. Components of the Company’s right-of-use assets and liabilities calculations are as follows:

Cash paid for rent included in the measurement of operating lease liabilities cash flows	\$	32
Right-of-use asset obtained in exchange for new operating lease liability		236
Weighted-average remaining lease term - operating leases, in years		2.55
Weighted-average discount rate - operating leases		11.7%

Future minimum lease payments for operating leases in excess of one year are as follows:

For the year ending December 31,	Amount
2020	\$ 19
2021	77
2022	79
2023	3
Total future minimum lease payments	178
Imputed interest	(21)
Total	\$ 157

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NOTE 14 – RELATED PARTY TRANSACTIONS

See Notes 8 and 10 for additional information relating to the Note issued to the Company's chief executive officer as well as details associated with the issuance of common stock to certain related parties in connection with securities purchase agreements.

NOTE 15 – LEGAL PROCEEDINGS

On January 6, 2017, in connection with the financing contemplated by a securities purchase agreement with RENS Technology Inc. (the "Purchaser"), we commenced an action in the Supreme Court of New York, County of New York (the "Court"), against the Purchaser, RENS Agriculture, the parent company of the Purchaser, and Ren Ren, a principal in both entities and one of our directors, arising from the Purchaser's breach of the agreement under which the Purchaser agreed to invest an aggregate of \$20.25 million in our company in exchange for an aggregate of 3,537,037 shares of our common stock and warrants to purchase an aggregate of 884,259 shares of common stock.

On April 11, 2017, the Court noted that we had demonstrated a likelihood of success on the merits of the breach of contract claim. Thereafter, a hearing was scheduled on the application by the Purchaser to dismiss the complaint and various pre-trial discovery applications by both parties.

In August 2017, before the hearing occurred, the Company amended its complaint repeating most of the initial claims but adding several additional claims against RENS Agriculture, Mr. Ren and two additional Chinese defendants, including a claim against RENS Agriculture for breaching the exclusive distribution agreement, as well as claims against all defendants for theft and misappropriation of our confidential proprietary information and trade secrets, breach of fiduciary duty and duty of loyalty, misappropriation of corporate opportunity, unfair competition and a number of other torts.

On July 13, 2020, the Company entered into a settlement agreement (the "Settlement Agreement") with the Purchaser, Mr. Ren and Mr. Mannello to settle all claims in connection with all pending litigation matters between the parties (the "Claims"). Pursuant to the Settlement Agreement, the parties agreed to file the appropriate documentation in the Nevada and New York courts to dismiss the Claims within five days of the execution of the Settlement Agreement. In addition, the Purchaser and Mr. Ren agreed to: (i) vote all of their shares of common stock of the Company in favor of the transactions contemplated by the Merger Agreement and (ii) waive and forfeit any right to receive any ownership interest in the private company (which will include the assets and liabilities for the Company's existing muscle health business) to be spun-out from the Company in connection with the Merger. The Purchaser also agreed that, simultaneous with the closing of the Merger, it will deliver its warrant to purchase 375,000 shares of common stock to the Company for cancellation or, if the warrant cannot be located, execute documents necessary to ensure that the warrant is cancelled. The Settlement Agreement further provides that Mr. Ren will resign as the Company's Global Chairman and as a member of the Company's board of directors upon the execution of the Settlement Agreement. The Settlement Agreement also includes mutual releases by the parties against each other for any claims or actions (including the Claims) through the date of the Settlement Agreement.

Subsequent to the announcement of the execution of the Merger Agreement MYOS received separate litigation demands from purported Company stockholders on September 16, 2020 and October 20, 2020, respectively seeking certain additional disclosures in the Registration Statement on Form S-4 filed by the Company with the Securities and Exchange Commission on September 2, 2020 (collectively, the "Demands").

Thereafter, on September 23, 2020, a complaint regarding the transactions contemplated by the Merger Agreement was filed in the Supreme Court of the State of New York, County of New York, captioned *Faasse v. MYOS RENS Technology Inc., et. al.*, Index No.: 654644/2020 (NY Supreme Court, NY County, September 23, 2020) (the "New York Complaint"). On October 12, 2020, a second complaint regarding the transactions was filed in the District Court of Nevada, Clark County Nevada, captioned *Vigil v. Mannello, et. al.*, Case No. A-20-822848-C (the "Nevada Complaint," and collectively with the New York Complaint and Demands, the "Litigation").

The Demands and the Complaints that currently comprise the Litigation generally allege that the directors of the Company breached their fiduciary duties by entering into the Merger Agreement, and the Company and MedAvail disseminated an incomplete and misleading Registration Statement on Form S-4. The New York Complaint also alleges that MedAvail aided and abetted such breach of fiduciary duties.

MYOS and MedAvail believe that the claims asserted in the Litigation are without merit and believe that the Registration Statement on Form S-4 disclosed all material information concerning the Merger and no supplemental disclosure is required under applicable law.

However, in order to avoid the risk of the Litigation delaying or adversely affecting the Merger and to minimize the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, MYOS determined to voluntarily supplement the disclosures in the Registration Statement on Form S-4, to provide additional information concerning certain litigation relating to the Merger Agreement as described in its Current Report on Form 8-K filed on November 2, 2020.

NOTE 16 – SUBSEQUENT EVENT

On October 1, 2020, the Company issued 345,000 restricted shares of common stock to its employees under the Plan, leaving 215,260 shares available for future issuance.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our interim condensed consolidated financial statements and related notes thereto included elsewhere in this Report and the consolidated financial statements and related notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2019.

Certain statements in this section contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this report and not clearly historical in nature are forward-looking, and the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “project,” “intend,” “predict,” “forecast,” “potential,” “believe,” “plan,” “might,” “could,” “should,” “would,” “seek” and similar expressions are intended to identify forward-looking statements regarding events, conditions, and financial trends that may affect future plans of operations, business strategy, operating results, and financial position generally are intended to identify forward-looking statements. Any statements in this report that are not historical facts are forward-looking statements. Actual results may differ materially from those projected or implied in any forward-looking statements. Such statements involve risks and uncertainties, including but not limited to those relating to product and customer demand, market acceptance of our products, the ability to create new products, the ability to achieve a sustainable profitable business, the effect of economic conditions, the ability to protect our intellectual property rights, competition from other providers and products, risks in product development, our ability to raise capital to fund continuing operations, and other factors discussed from time to time in our filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statement for events or circumstances after the date on which such statement is made except as required by law. Dollar amounts in this section are in thousands, unless otherwise indicated.

Overview

We were incorporated in the State of Nevada on April 11, 2007. On March 17, 2016, we merged with our wholly-owned subsidiary and changed our name from MYOS Corporation to MYOS RENS Technology Inc. Prior to February 2011, we did not have any operations and did not generate any revenues. In February 2011, we acquired our proprietary active ingredient called Fortetropin[®], the first clinically demonstrated natural myostatin reducing agent. Since February 2011, our principal business activities have been focused on deepening our scientific understanding relating to the activity of Fortetropin[®], and to leverage this knowledge to strengthen and build our intellectual property estate; developing sales and marketing strategies aimed at expanding our commercial presence; evaluating the value of Fortetropin[®] in therapeutic markets, including the treatment of sarcopenia, cachexia, anorexia, obesity and muscular disorders; and, conducting research and development focused on the discovery, development and commercialization of other products and technologies aimed at maintaining or improving the health and performance of muscle tissue. Since our inception in April 2007, we have recognized cumulative revenues of approximately \$10.9 million.

Plan of Operation

We are focused on the discovery, development and commercialization of advanced nutrition products, functional foods, and other technologies aimed at maintaining or improving the health and performance of muscle tissue. Our initial core ingredient is Fortetropin[®], a natural and proprietary bioactive composition derived from fertilized egg yolk that has been shown in clinical trials to increase lean muscle mass, size and strength. Our plan of action is to: (i) create a sales platform through marketing products containing our proprietary ingredient Fortetropin[®] in established, growing, and new markets and strategic selection of partnerships and collaborations to maximize near-term and future revenues, (ii) deepen our scientific understanding of the activity of Fortetropin[®] as a natural product to improve muscle health and performance, and to leverage this knowledge to strengthen and build our intellectual property estate, (iii) conduct research and development activities to evaluate the impact of Fortetropin[®] on muscle health and wellness in humans as well as domestic pets. (iv) identify other products and technologies which may broaden our portfolio and define a business development strategy to protect, enhance and accelerate the growth of our products, (v) reduce the cost of manufacturing through process improvement, and (vi) identify contract manufacturing organizations that can fully meet our future growth requirements and (vii) develop a differentiated and advantaged consumer positioning, brand name and iconography.

Merger with MedAvail, Inc.

On June 30, 2020, MYOS and MedAvail, Inc., a privately-held Delaware corporation (“MedAvail”), entered into an Agreement and Plan of Merger and Reorganization (the “Merger Agreement”), by and among MYOS, MedAvail, and Matrix Merger Sub, Inc., a newly-created wholly-owned subsidiary of MYOS (“Merger Sub”), pursuant to which, subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into MedAvail, with MedAvail being the surviving corporation and a wholly-owned subsidiary of MYOS (the “Merger”). The Boards of Directors of MYOS and MedAvail have both approved the Merger and have recommended approval of the Merger by their respective shareholders. MedAvail is a private, in-clinic telemedicine-enabled pharmacy organization based in Ontario, Canada that has developed and commercialized a proprietary robotic dispensing platform and home delivery operation focused on the Medicare Advantage market in the United States.

At the effective time of the Merger (the “Effective Time”): (a) each share of MedAvail’s common stock and each share of MedAvail’s preferred stock outstanding immediately prior to the Effective Time, excluding any dissenting shares, will be automatically converted solely into the right to receive a number of shares of MYOS common stock (“MYOS Common Stock”) calculated according to the exchange ratio described below; (b) each outstanding MedAvail stock option that has not been exercised prior to the Effective Time will be assumed by MYOS; and (c) each outstanding warrant to acquire MedAvail capital stock that has not been exercised prior to the Effective Time will be assumed by MYOS. Under the exchange ratio formula in the Merger Agreement, as of immediately after the Merger, the former MedAvail security holders are expected to own approximately 96.5% of the aggregate number of fully-diluted shares of MYOS Common Stock outstanding following the consummation of the Merger (the “Post-Closing Shares”), and the stockholders of MYOS immediately prior to the Merger are expected to own approximately 3.5% of the Post-Closing Shares, subject to the adjustments set forth in the Merger Agreement. The exchange ratio will be fixed prior to the closing of the Merger to reflect MYOS’s and MedAvail’s respective capitalizations as of immediately prior to the Effective Time. The Merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Immediately following the Merger, the name of the post-merger combined company (the “Post-Merger Combined Company”) is expected to be changed from “MYOS RENS Technology Inc.” to “MedAvail Holdings, Inc.” The Merger Agreement provides that the Board of Directors of the Post-Merger Combined Company will consist of members who are currently directors of MedAvail. The executive officers of the Post-Merger Combined Company will be designated by MedAvail, with MedAvail’s Chief Executive Officer, Ed Kilroy, expected to be the Post-Merger Combined Company’s Chief Executive Officer and MedAvail’s Chief Financial Officer, Ryan Ferguson, expected to be the Post-Merger Combined Company’s Chief Financial Officer.

The Merger Agreement contains certain customary termination rights, including, among others, (a) the right of either MYOS or MedAvail to terminate the Merger Agreement if the other party’s stockholders fail to adopt and approve the Merger Agreement, (b) the right of either party to terminate the Merger Agreement if the other party’s board of directors changes or withdraws its recommendation in favor of the transactions, (c) the right of either party to terminate the Merger Agreement if the Merger has not occurred by the six month anniversary of the date of the Merger Agreement, (d) the right of either party to terminate the Merger Agreement due to a material breach by the other party of any of its representations, warranties or covenants which would result in the closing conditions not being satisfied, subject to certain conditions, and (e) the right of either party to terminate the Merger Agreement if a court of competent jurisdiction or other governmental body issues a final and non-appealable order, decree or ruling, or has taken any other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger and related transactions. Upon the termination of the Merger Agreement by MYOS or MedAvail, a termination fee of (i) \$500,000 may be payable by MYOS to MedAvail, or (ii) \$750,000 may be payable by MedAvail to MYOS.

Product Strategy

Our strategy is to understand the complex genetic and molecular pathways regulating muscle mass and function. Understanding the impact of complex regulatory pathways which act to build and maintain healthy lean muscle is central to our research and development activities. We are developing nutritional products that target specific mechanisms to promote muscle health in ways that cannot be met by other food products.

We will seek to gain market share for our core branded products in the 1) sports and fitness nutrition, 2) rehabilitation and restorative health and 3) domestic pet muscle health verticals by (i) formulating and developing new and complementary product lines, (ii) expanding U.S. distribution by increasing the channels of sale, (iii) expanding distribution geography beyond the U.S. and (iv) seeking strategic relationships with other distributors.

Marketing, Sales and Distribution

Our commercial focus is to leverage our clinical data to develop multiple products to target the large, but currently underserved, markets focused on muscle health. The sales channels which we sell our products are evolving.

In May 2016, we launched Physician Muscle Health Formula[®], a proprietary formulation containing Fortetropin[®] and sold the product directly to physicians to distribute to their patients who are focused on wellness. The Company relaunched the product as part of its longevity marketing strategy in December 2019. In March 2017 we launched Qurr[®], a Fortetropin[®]-powered product line that is available on our direct-to-consumer platform. We recorded \$19 and \$42 in net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our longevity product lines.

In March 2018, we launched Yolked[®], a Fortetropin[®]-powered product which is NSF Certified for Sports, and developed and marketed to collegiate and professional athletes who want to increase their muscle size and performance with an all-natural advanced nutrition product. The Company recorded \$176 and \$229 of net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our Yolked[®] product line.

In June 2018, we launched our Fortetropin[®] based pet product Myos Canine Muscle Formula[®] (“MCMF”). Two veterinarian hospitals had previously performed some informal observational studies with older dogs experiencing muscle atrophy and saw positive results after taking our pet product. We believe that the positive feedback received from the veterinarian community, together with the positive results from our Kansas State University study, will enable us to grow our pet business product line. The Company recorded \$853 and \$282 of net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our MCMF product line.

In our White Label business we work with various manufacturers to create new brands and products using Fortetropin[®] as the foundation. We recorded \$56 and \$100 of net revenues for the nine months ended September 30, 2020 and September 30, 2019, respectively, for our White Label business.

We continue to pursue additional distribution and branded sales opportunities. There can be no assurance that we will be able to secure distribution arrangements on terms acceptable to the Company, or that we will be able to generate significant sales of our current and future branded products. We expect to continue developing our own core branded products in markets such as functional foods, sports and fitness nutrition and rehabilitation and restorative health and to pursue international sales opportunities.

The Company currently relies on one third-party manufacturer to produce Fortetropin[®]. This manufacturer purchases all the necessary raw materials from suppliers and coordinates any additional production steps with third-parties. We have multiple vendors for blending, packaging and labeling our products. The Company is pursuing other alternatives in order to build a more robust supply chain going forward.

Research and Development

As an advanced nutrition company, we are dedicated to basic and clinical research that supports our existing and future product portfolio. We are focused on the following areas of research:

Basic Research

- Biochemical characterization of Fortetropin[®], including proteomic and lipidomic approaches;
- Identification and isolation of proteins, peptides, and lipids in Fortetropin[®] responsible for pro-myogenic activity.

Canine Clinical Research

- Effect of Fortetropin[®] to reverse disuse atrophy in dogs after an orthopedic surgery procedure to repair the cranial cruciate ligament (CCL);
- Effect of Fortetropin[®] on quality of life and activity in geriatric dogs;
- Effect of Fortetropin[®] on serum myostatin levels in healthy dogs.

Human Clinical Research

- Effect of Fortetropin[®] on skeletal muscle protein fractional synthetic rate in older men and women;
- Effect of Fortetropin[®] on muscle function and recovery after orthopedic procedures.

Our research program is actively evaluating the many active proteins, lipids and peptides in Fortetropin[®]. We believe our research programs will establish a basis for the continued prosecution of patent applications in order to further protect and augment our intellectual property assets. We are dedicated to protecting our innovative technology.

We expect our investment in research and development to continue in the future.

Clinical and Basic Research Programs

As an emerging company focused on the discovery, development and commercialization of advanced nutrition products that improve muscle health and performance, we are dedicated to basic and clinical research that supports our existing and future product portfolio. Our research program is actively evaluating the many active proteins, lipids and peptides in Fortetropin[®], specifically as a natural, reversible, temporary modulator of the regulatory protein myostatin, and to leverage this knowledge to strengthen and build our intellectual property. We are dedicated to protecting our innovative technology and believe that our research programs will establish a basis for the continued prosecution of patent applications in order to protect and augment the Company's intellectual property estate. We expect our investment in research and development to continue to grow in the future.

We invest in research and development activities externally through academic and industry collaborations aimed at enhancing our products, optimizing manufacturing and broadening the product portfolio. We have developed the following collaborations with various academic centers:

- In February 2019, we entered into an agreement with the College of Veterinary Medicine at Kansas State University (the "College") to study the impact of Fortetropin[®] on quality of life and activity in geriatric dogs. The principal investigator for this study is Kenneth R. Harkin DVM, DACVIM (SAIM), Professor and Section Head at the College. In this study geriatric dogs were assigned to two groups where they consumed either Fortetropin[®] or a placebo. The quality of life evaluation at baseline, midpoint and end of study was based on questionnaires filled by the dog owners. The level activity at baseline, midpoint and end of study was based on data recorded on the Vetrax collars worn by the dogs. The study, titled, "Fortetropin inhibits disuse muscle atrophy in dogs after tibial plateau leveling osteotomy," was published in April 2020 in the peer-reviewed, open-access scientific journal, PLOS ONE (Public Library of Science), reporting results from the randomized, double-blind, placebo-controlled study involving 100 dogs conducted by researchers at the College.

- In March 2018, we entered into a research agreement with Rutgers University, The State University of New Jersey, to work with Rutgers researchers in a program focused on discovering compounds and products for improving muscle health and performance.
- In December 2017, we entered into an agreement with the University of California, Berkeley's Department of Nutritional Sciences & Toxicology. The research project will study the effects of Fortetropin® on increasing the fractional rate of skeletal muscle protein synthesis in men and women between 60 and 75 years old. The Principal Investigator for this clinical study is William J. Evans, PhD, Adjunct Professor of Human Nutrition at the Department of Nutritional Sciences & Toxicology at the University of California, Berkeley. Professor Evans, a leading authority in muscle health research, is coordinating the activities of a multi-disciplinary team of scientists and physicians. In this randomized, double-blind, placebo-controlled clinical study, 20 subjects, men and women 60 – 75 years of age, will consume either Fortetropin® or a placebo for 21 days along with daily doses of a heavy water tracer. After 21 days, a micro-biopsy was collected from each subject to determine the fractional rate of muscle protein synthesis. In July 2018, we agreed to pay for additional costs incurred in connection with the study. This clinical study was completed in June 2019 and the results showed that among subjects who received Fortetropin, the average FSR of several muscle protein gene ontologies was significantly higher compared to the placebo group. The proportion of proteins with an increased FSR in the Fortetropin group relative to the placebo group was found to be statistically significant. The overall magnitude of increase was 15%.
- In April 2017, we entered into an agreement with the College of Veterinary Medicine at Kansas State University to study the impact of Fortetropin® on reducing muscle atrophy in dogs after Tibial-Plateau-Leveling Osteotomy ("TPLO") surgery to repair the cranial cruciate ligament (CCL). In August 2018, we agreed to pay for additional costs incurred in connection with the study. The study was completed and Kenneth R. Harkin DVM, DACVIM (SAIM), Professor and Section Head, College of Veterinary Medicine, Kansas State University and the principal investigator of the study presented the results titled, "The Impact of Fortetropin® Supplementation on Dogs Recovering from TPLO surgery" at the VMX Conference in Orlando in January 2019.

The randomized, double-blind, placebo-controlled study evaluated the impact of Fortetropin® on attenuating muscle atrophy following a common surgical procedure known as TPLO in 100 dogs at Kansas State University. TPLO is performed by veterinary surgeons to repair ruptures of the cranial cruciate ligament (CCL), a canine ligament that is analogous to the anterior cruciate ligament (ACL) in humans. In the weeks that follow TPLO surgery, the immobilized operated limb frequently shows significant muscle loss due to muscle disuse atrophy. The objective of the study was to determine whether Fortetropin® could reduce this muscle atrophy with respect to a macronutrient-matched placebo. The study showed that: i) Fortetropin® prevented the loss of muscle mass in these dogs as measured by the thigh circumference in their affected and unaffected limbs; ii) Fortetropin® supplemented dogs had a significant improvement in percentage of weight supported by the affected limb (more rapid return to normal stance force distribution) than the placebo group; and iii) Fortetropin® prevented a rise in serum myostatin levels in dogs. We believe the results of this study are not only relevant to our veterinary business, which was established in 2018, but are also relevant to our human muscle nutrition business, with a particular focus on recovery and rehabilitation.

- In May 2015, we initiated a dose response clinical study led by Jacob Wilson, Ph.D., CSCS*D, Professor of Health Sciences and Human Performance at the University of Tampa, to examine the effects of Fortetropin® supplementation on plasma myostatin levels at various dosing levels in young adult males and females. This study is intended to help us better define the dose response curve, the minimal effective dose and effects of Fortetropin® on serum myostatin. In this double blind placebo controlled clinical study, 80 male and female subjects ranging in ages between 18 and 22 were randomized into four groups such that no significant differences in serum myostatin concentration existed between groups.

Following assignment to one of the four groups, blood samples were collected to establish baseline values. Subjects were subsequently supplemented with three different doses of Fortetropin[®] (2.0g, 4.0g and 6.6g) and a matching placebo for one week. Following one week of supplementation, blood samples were collected and serum myostatin levels were assayed. Results demonstrated that Fortetropin[®] reduces serum myostatin levels at daily doses of 4.0g and 6.6g. This research, which continues to build upon our current understanding of Fortetropin[®], may result in the formulation of new products. An abstract of this study was presented at 2016 International Conference on Frailty & Sarcopenia Research in Philadelphia, PA.

- In August 2014, we entered into a research agreement with Human Metabolome Technologies America, Inc., (“HMT”), to apply their proprietary, state-of-the-art capillary electrophoresis-mass spectrometry (CE-MS) technologies to characterize the metabolomic profiles of plasma samples obtained from healthy male subjects who used either Fortetropin[®] or placebo with the goal of identifying metabolites with pro-myogenic activity in the plasma samples of subjects who took Fortetropin[®] as well as examining the effect on glucose and fat metabolism. HMT used a metabolite database of over 290 lipids and over 900 metabolites to identify potential plasma biomarkers related to muscle growth. The study was completed during the fourth quarter of 2014. Initial data from this study indicated that subjects who received Fortetropin[®] displayed differential metabolomic profiles relative to subjects who received placebo. The early indications of plasma biomarkers may guide future study design for Fortetropin[®] clinical trials by identifying clinically-relevant endpoints. The results from this study were presented at the Sarcopenia, Cachexia and Wasting Disorders Conference (Berlin, Germany) in December 2016.
- In May 2014, we entered into an agreement with the University of Tampa to study the effects of Fortetropin[®] supplementation in conjunction with modest resistance training in 18-21 year old males. The study was a double-blind, placebo-controlled trial which examined the effects of Fortetropin[®] on skeletal muscle growth, lean body mass, strength, and power in recreationally trained males. Forty-five subjects were divided into placebo, 6.6g and 19.8g dosing arms of Fortetropin[®] daily for a period of 12 weeks. Results demonstrated a statistically significant increase in both muscle thickness and lean body mass in subjects taking Fortetropin[®] but not in subjects taking placebo. The clinical study also analyzed blood myostatin levels via high-sensitivity enzyme-linked immunosorbent assay (“ELISA”) based analysis. Results demonstrated statistically significant reduction in serum myostatin levels in both groups that consumed Fortetropin[®] but not in the group that consumed the placebo. The lipid serum safety protocol demonstrated that daily use of Fortetropin[®] at recommended and three times the recommended dose had no adverse lipid effect and did not adversely affect cholesterol, HDL or triglyceride levels. Data from the study was presented at the American College of Nutrition’s 55th annual conference. A separate mechanism of action study at the University of Tampa demonstrated that in addition to reducing serum myostatin levels, Fortetropin[®] showed activity in mTOR and Ubiquitin pathways, two other crucial signaling pathways in the growth and maintenance of healthy muscle. Specifically, the preclinical data showed that Fortetropin[®] up-regulates the mTOR regulatory pathway. The mTOR pathway is responsible for production of a protein kinase related to cell growth and proliferation that increases skeletal muscle mass. Up-regulation of the mTOR pathway is important in preventing muscle atrophy. The preclinical study also demonstrated that Fortetropin[®] acts to reduce the synthesis of proteins in the Ubiquitin Proteasome Pathway, a highly selective, tightly regulated system that serves to activate muscle breakdown. Over-expression of the Ubiquitin Proteasome Pathway is responsible for muscle degradation. We believe that Fortetropin[®] has the ability to regulate production in the Ubiquitin Proteasome Pathway, which may have significant implications for preventing age-related muscle loss.

The foregoing programs are an integral part of our business strategy. We believe that they will provide a clear scientific rationale for Fortetropin[®] as an advanced nutritional product and support its use in different medical and health applications in the future.

We intend to pursue additional clinical studies and medical research to support differentiated and advantaged marketing claims, to build and enhance our competitive insulation through an aggressive intellectual property strategy, to develop product improvements and new products in consumer preferred dosage forms, to enhance overall marketing, and to pursue best in class personnel.

Results of Operations

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

	Three Months Ended September 30,		Change	
	2020	2019	Dollars	%
Net revenues	\$ 485	\$ 350	\$ 135	39%
Cost of revenues	248	174	74	42%
Gross profit	237	176	61	35%
Operating expenses:				
Selling, marketing and research	233	339	(106)	-31%
Personnel and benefits	393	406	(13)	-3%
General and administrative	419	342	77	18%
Total operating expenses	1,045	1,087	(42)	-4%
Operating loss	(808)	(911)	103	-11%
Interest expense	(7)	(10)	3	-30%
Net loss	\$ (815)	\$ (921)	\$ 106	-12%

Net revenues

Net revenues for the three months ended September 30, 2020 increased by \$135 or 39% to \$485 compared to net revenues of \$350 for the three months ended September 30, 2019. This increase is primarily due to an increase of \$243 of Myos Canine Muscle Formula offset by a decrease of \$72 in White Label, \$36 in Yolked, and \$1 for our longevity products.

Cost of revenues

Cost of revenues for the three months ended September 30, 2020 increased by \$74 or 42% to \$248 compared to cost of revenues of \$174 for the three months ended September 30, 2019. The increase is primarily due to costs related to an increase in our product sales of Myos Canine Muscle Formula.

Gross profit

Gross profit increased \$61 or 35% to \$237 for the three months ended September 30, 2020 compared to \$176 for the three months ended September 30, 2019.

Operating expenses

Operating expenses for the three months ended September 30, 2020 decreased by \$42 or 4% to \$1,045, when compared to operating expenses of \$1,087 for the three months ended September 30, 2019. The decrease primarily relates to a 31% decrease in selling, marketing and research expenses of \$106 and a 3% decrease in personnel and benefits of \$13, offset by an 18% increase in general and administrative of \$77 relating primarily to an increase in professional fees of \$140 relating to the reverse merger costs offset by a decrease in other business related costs of \$63.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

	Nine Months Ended September 30,		Change	
	2020	2019	Dollars	%
Net revenues	\$ 1,104	\$ 653	\$ 451	69%
Cost of revenues	578	316	262	83%
Gross profit	526	337	189	56%
Operating expenses:				
Selling, marketing and research	662	951	(289)	-30%
Personnel and benefits	1,226	1,226	-	-
General and administrative	1,063	1,200	(137)	-11%
Total operating expenses	2,951	3,377	(426)	-13%
Operating loss	(2,425)	(3,040)	615	-26%
Interest expense	(27)	(31)	4	-11%
Net loss	\$ (2,452)	\$ (3,071)	\$ 619	-20%

Net revenues

Net revenues for the nine months ended September 30, 2020 increased by \$451 or 69% to \$1,104 compared to net revenues of \$653 for the nine months ended September 30, 2019. This increase is primarily due to an increase of \$570 of Myos Canine Muscle Formula offset by a decrease of \$72 for White Label, \$36 for Yoloked and \$1 for our longevity products.

Cost of revenues

Cost of revenues for the nine months ended September 30, 2020 increased by \$262 or 83% to \$578 compared to cost of revenues of \$316 for the nine months ended September 30, 2019. The increase is primarily due to costs related to an increase in our product sales of Myos Canine Muscle Formula.

Gross profit

Gross profit increased \$189 or 56% to \$526 for the nine months ended September 30, 2020 compared to \$337 for the nine months ended September 30, 2019.

Operating expenses

Operating expenses for the nine months ended September 30, 2020 decreased by \$426 or 13% to \$2,951, compared to operating expenses of \$3,377 for the nine months ended September 30, 2019. The decrease is primarily due to a 30% decrease in selling, marketing and research expenses of \$289 and an 11% decrease in general and administrative of \$137.

Liquidity and Capital Resources

As of the filing date of this report, management believes that there may not be sufficient capital resources from operations and existing financing arrangements in order to meet operating expenses and working capital requirements for the next twelve months. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. Accordingly, the Company is evaluating various alternatives, including reducing operating expenses, securing additional financing through debt or equity securities to fund future business activities.

The Company entered into the Merger Agreement on June 30, 2020 with MedAvail and it expects the Merger to close before the end of the year. The Merger Agreement provides that, prior to the consummation of the Merger, MYOS will transfer and assign all of its assets and liabilities into MYOS Corp., a newly-created, wholly-owned subsidiary of MYOS. The shares of MYOS Corp., immediately after the closing of the Merger, will be spun-out from the Post-Merger Combined Company through a dividend of the stock of MYOS Corp. to the pre-Merger MYOS shareholders, resulting in MYOS Corp., a private company, continuing the current business operations of MYOS. MedAvail will pay MYOS Corp. \$2 million in cash upon the closing of the Merger and issue a promissory note for an additional \$3 million, payable in instalments within one year of the closing of the Merger.

There can be no assurance that the Company will be able to generate the level of operating revenues in its business plan, or if additional sources of financing will be available on acceptable terms, if at all. If no additional sources of financing are available, our future operating prospects may be adversely affected. The accompanying condensed consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Working capital at September 30, 2020 and December 31, 2019 is summarized as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>Increase (Decrease)</u>
Current Assets:			
Cash	\$ 791	\$ 64	\$ 727
Accounts receivable, net	60	5	55
Inventories, net	1,368	1,666	(298)
Prepaid expenses and other assets	94	23	71
Total current assets	<u>\$ 2,313</u>	<u>\$ 1,758</u>	<u>\$ 555</u>
Current liabilities:			
Accounts payable	\$ 127	\$ 277	\$ (150)
Accrued expenses and other current liabilities	66	276	(210)
Notes payable and accrued interest	661	1,159	(498)
Total current liabilities	<u>\$ 854</u>	<u>\$ 1,712</u>	<u>\$ (858)</u>

Working capital increased to \$1,459 at September 30, 2020 compared to \$46 at December 31, 2019.

Significant changes in working capital components were as follows:

- Cash increased by \$727 primarily due to net proceeds provided by financing activities of \$2,938 during the nine months ended September 30, 2020 offset by funds used in operating activities of \$2,211.
- Notes payable and other current liabilities decreased by \$498 primarily due to a conversion of principal of \$825 offset by \$300 of proceeds received on the promissory note payable and \$27 of accrued interest.

At September 30, 2020, we had cash of \$791 and total assets of \$3,281.

Summarized cash flows for the nine months ended September 30, 2020 and 2019 are as follows:

	Nine Months Ended September 30,		Change
	2020	2019	
Net cash used in operating activities	\$ (2,211)	\$ (1,904)	\$ (307)
Net cash provided by financing activities	2,938	2,285	653
Net increase in cash	<u>\$ 727</u>	<u>\$ 381</u>	<u>\$ 346</u>

Net cash used in operating activities represents net loss adjusted for certain non-cash items and changes in operating assets and liabilities.

Net cash used in operating activities for the nine months ended September 30, 2020 was \$2,211, an increase of \$307 compared to \$1,904 used in operating activities for the nine months ended September 30, 2019.

Net cash provided by financing activities for the nine months ended September 30, 2020 was \$2,938, an increase of \$653 compared to \$2,285 for the nine months ended September 30, 2019.

For additional information about the changes in operating assets and liabilities, refer to the above discussion on working capital.

On March 2, 2020, the Company entered into securities purchase agreements for a private placement with a group of accredited investors, including four members of the Company's board of directors. In connection with the closing of the private placement on March 5, 2020, the Company issued 851,240 shares of common stock for aggregate cash proceeds of \$1,030, and \$825 of the principal amount of the Note was exchanged for 681,818 shares of common stock. The Company intends to use the net proceeds from the private placement primarily for working capital, research and development, strategic initiatives and other general corporate purposes.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Recently Issued Accounting Standards

For a description of recently issued accounting standards, see Note 2 – Summary of Significant Accounting Policies in Part 1, Item 1 of this Report.

Critical Accounting Policies

For a description of our critical accounting policies, see Note 2 – Summary of Significant Accounting Policies in Part 1, Item 1 of this Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company, and therefore, we are not required to provide information required by this Item of Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that is designed to provide reasonable assurance that information we are required to disclose in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedure include, without limitations, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In accordance with Exchange Act Rules 13a-15 and 15d-15, an evaluation was completed by our Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2020. Based on that evaluation, management concluded that due to a material weakness in our internal control over financial reporting, our disclosure controls and procedures were not effective. We are implementing remedial measures designed to address the material weakness.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On January 6, 2017, in connection with the financing contemplated by a securities purchase agreement with RENS Technology Inc. (the “Purchaser”), we commenced an action in the Supreme Court of New York, County of New York (the “Court”), against the Purchaser, RENS Agriculture, the parent company of the Purchaser, and Ren Ren, a principal in both entities and one of our directors, arising from the Purchaser’s breach of the agreement under which the Purchaser agreed to invest an aggregate of \$20.25 million in our company in exchange for an aggregate of 3,537,037 shares of our common stock and warrants to purchase an aggregate of 884,259 shares of common stock.

On April 11, 2017, the Court noted that we had demonstrated a likelihood of success on the merits of the breach of contract claim. Thereafter, a hearing was scheduled on the application by the Purchaser to dismiss the complaint and various pre-trial discovery applications by both parties.

In August 2017, the Company amended its complaint repeating most of the initial claims but adding several additional claims against RENS Agriculture, Mr. Ren and two additional Chinese defendants, including a claim against RENS Agriculture for breaching the exclusive distribution agreement, as well as claims against all defendants for theft and misappropriation of our confidential proprietary information and trade secrets, breach of fiduciary duty and duty of loyalty, misappropriation of corporate opportunity, unfair competition and a number of other torts. We are seeking damages and injunctive relief. The Purchaser has filed a motion to dismiss the amended complaint, which is still pending and scheduled for oral argument in the second quarter of 2019.

On July 13, 2020, the Company entered into a settlement agreement (the “Settlement Agreement”) with the Purchaser, Mr. Ren and Mr. Mannello to settle all claims in connection with all pending litigation matters between the parties (the “Claims”). Pursuant to the Settlement Agreement, the parties agreed to file the appropriate documentation in the Nevada and New York courts to dismiss the Claims within five days of the execution of the Settlement Agreement. In addition, the Purchaser and Mr. Ren agreed to: (i) vote all of their shares of common stock of the Company in favor of the transactions contemplated by the Merger Agreement and (ii) waive and forfeit any right to receive any ownership interest in the private company (which will include the assets and liabilities for the Company’s existing muscle health business) to be spun-out from the Company in connection with the Merger. The Purchaser also agreed that, simultaneous with the closing of the Merger, it will deliver its warrant to purchase 375,000 shares of common stock to the Company for cancellation or, if the warrant cannot be located, execute documents necessary to ensure that the warrant is cancelled. The Settlement Agreement further provides that Mr. Ren will resign as the Company’s Global Chairman and as a member of the Company’s board of directors upon the execution of the Settlement Agreement. The Settlement Agreement also includes mutual releases by the parties against each other for any claims or actions (including the Claims) through the date of the Settlement Agreement. The litigation was dismissed on July 23, 2020.

Subsequent to the announcement of the execution of the Merger Agreement MYOS received separate litigation demands from purported Company stockholders on September 16, 2020 and October 20, 2020, respectively seeking certain additional disclosures in the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on September 2, 2020 (collectively, the “Demands”).

Thereafter, on September 23, 2020, a complaint regarding the transactions contemplated by the Merger Agreement was filed in the Supreme Court of the State of New York, County of New York, captioned *Faasse v. MYOS RENS Technology Inc., et. al.*, Index No.: 654644/2020 (NY Supreme Court, NY County, September 23, 2020) (the “New York Complaint”). On October 12, 2020, a second complaint regarding the transactions was filed in the District Court of Nevada, Clark County Nevada, captioned *Vigil v. Mannello, et. al.*, Case No. A-20-822848-C (the “Nevada Complaint,” and collectively with the New York Complaint and Demands, the “Litigation”).

The Demands and the Complaints that currently comprise the Litigation generally allege that the directors of the Company breached their fiduciary duties by entering into the Merger Agreement, and the Company and MedAvail disseminated an incomplete and misleading Registration Statement on Form S-4. The New York Complaint also alleges that MedAvail aided and abetted such breach of fiduciary duties.

MYOS and MedAvail believe that the claims asserted in the Litigation are without merit and believe that the Registration Statement on Form S-4 disclosed all material information concerning the Merger and no supplemental disclosure is required under applicable law.

However, in order to avoid the risk of the Litigation delaying or adversely affecting the Merger and to minimize the costs, risks and uncertainties inherent in litigation, and without admitting any liability or wrongdoing, MYOS determined to voluntarily supplement the disclosures in the Registration Statement on Form S-4, to provide additional information concerning certain litigation relating to the Merger Agreement as described in its Current Report on Form 8-K filed on November 2, 2020.

Item 1A. Risk Factors.

Factors that could cause our actual results to differ materially from those in this report are any of the risks described in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 24, 2020. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations.

As of the date of this report, except as set forth below and in the Registration Statement on Form S-4 initially filed by the Company with the Securities and Exchange Commission on September 2, 2020, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC, except we may disclose changes to such factors or disclose additional factors from time to time in our future SEC filings.

The COVID-19 pandemic has adversely affected our business and operations and may have a material adverse effect on our business and operations in the future.

The recent outbreak of COVID-19 has been declared by the World Health Organization to be a “pandemic,” and has spread across the globe to many countries, including the United States, and is impacting worldwide economic activity. The current COVID-19 pandemic has disrupted or prevented us, our suppliers and other business partners from conducting business activities as usual and may prevent us from conducting our business as usual for an additional period of time, the duration of which is uncertain. In addition, we, our suppliers and other business partners may also experience significant impairments of business activities due to operational shutdowns or suspensions that may be requested or mandated by national or local governmental authorities or self-imposed by us, our suppliers or other business partners.

While it is not possible at this time to estimate the future impact that COVID-19 could have on our business, customers, suppliers or other business partners, the continued spread of COVID-19, the measures taken in the United States by federal and local governments, actions taken to protect employees, and the impact of the pandemic on various business activities could adversely affect our results of operations and financial condition.

The Company was deemed to be an essential business in the State of New Jersey and we made changes to accommodate the orders to practice social distancing. All employees are currently working remotely.

The inability to maintain adequate supplies of finished goods in our inventory or at our fulfillment centers in a timely manner, including as a result of COVID-19, could limit our ability to manufacture and sell our products and have a material adverse effect on our business, financial condition and results of operations.

The capital markets have experienced significant volatility due to the ongoing spread of COVID-19. As a result the price of our shares may be negatively impacted and affect our ability to raise additional capital.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

No.	Description
31.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Furnished herewith

SIGNATURES

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

MYOS RENS TECHNOLOGY INC.

Date: November 5, 2020

By: /s/ Joseph Mannello
Name: Joseph Mannello
Title: Chief Executive Officer

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

I, Joseph Mannello, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MYOS RENS Technology Inc. (the "report");
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. I am 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 my 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 my 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 my 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. I have disclosed, based on my 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.

Dated: November 5, 2020

By: /s/ Joseph Mannello
Name: Joseph Mannello
Title: Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

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

In connection with this quarterly report on Form 10-Q of MYOS RENS Technology Inc. (the "Company") for the quarter ended September 30, 2020, (the "Report"), I, Joseph Mannello, the Principal Executive Officer and the Principal Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

Dated: November 5, 2020

By: /s/ Joseph Mannello
Name: Joseph Mannello
Title: Chief Executive Officer
(Principal Executive Officer and
Principal Financial Officer)

This certification accompanies this report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purpose of Section 18 of the Securities Exchange Act of 1934, as amended.