

SANUWAVE Health, Inc.  
Form 10-Q  
November 19, 2018

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2018

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 000-52985

SANUWAVE Health, Inc.  
(Exact name of registrant as specified in its charter)

Nevada	20-1176000
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3360 Martin Farm Road, Suite 100	30024
Suwanee, GA	
(Address of principal executive offices)	(Zip Code)

(770) 419-7525  
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer    Accelerated filer

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Non-accelerated filer      Smaller reporting company  
Emerging growth company

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

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

As of November 9, 2018, there were issued and outstanding 155,533,303 shares of the registrant's common stock, \$0.001 par value.



SANUWAVE Health, Inc.

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### Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q of SANUWAVE Health, Inc. and its subsidiaries (“SANUWAVE” or the “Company”) contains forward-looking statements. All statements in this Quarterly Report on Form 10-Q, including those made by the management of the Company, other than statements of historical fact, are forward-looking statements. Examples of forward-looking statements include statements regarding the Company’s future financial results, operating results, and projected costs; market acceptance of and demand for dermaPACE and our product candidates; management’s plans and objectives for future operations; industry trends; regulatory actions that could adversely affect the price of or demand for our approved products; our intellectual property portfolio; our business, marketing and manufacturing capacity and strategy; estimates regarding our capital requirements, the anticipated timing of the need for additional funds, and our expectations regarding future capital-raising transactions, including potential tender offers for certain of our outstanding series of warrants; product liability claims; economic conditions that could adversely affect the level of demand for our products; timing of clinical studies and eventual FDA approval of our products; financial markets; and the competitive environment. These forward-looking statements are based on management’s estimates, projections and assumptions as of the date hereof and include the assumptions that underlie such statements. Forward-looking statements may contain words such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” and “continue,” the negative of these terms, or other comparative terminology. Any expectations based on these forward-looking statements are subject to risks and uncertainties and other important factors, including those discussed in the reports we file with the Securities and Exchange Commission (the “SEC”), specifically the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed on March 29, 2018 and in the Company’s Quarterly Reports on Form 10-Q. Other risks and uncertainties are and will be disclosed in the Company’s prior and future SEC filings. These and many other factors could affect the Company’s future financial condition and operating results and could cause actual results to differ materially from expectations based on forward-looking statements made in this document or elsewhere by the Company or on its behalf. The Company undertakes no obligation to revise or update any forward-looking statements. The following information should be read in conjunction with the financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed on March 29, 2018.

Except as otherwise indicated by the context, references in this Quarterly Report on Form 10-Q to “we,” “us” and “our” are to the consolidated business of the Company.



## PART I — FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

SANUWAVE HEALTH, INC. AND SUBSIDIARIES.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30,	December 31,
	2018	2017
ASSETS	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$72,311	\$730,184
Accounts receivable, net of allowance for doubtful accounts of \$42,950 in 2018 and \$92,797 in 2017	152,706	152,520
Inventory	240,973	231,532
Prepaid expenses	168,480	90,288
TOTAL CURRENT ASSETS	634,470	1,204,524
PROPERTY AND EQUIPMENT, net	72,637	60,369
OTHER ASSETS	16,497	13,917
TOTAL ASSETS	\$723,604	\$1,278,810
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$1,560,965	\$1,496,523
Accrued expenses (Note 4)	746,083	673,600
Accrued employee compensation	364,503	1,680
Contract liabilities (Note 5)	353,115	-
Advances payable (Note 6)	144,000	310,000
Line of credit, related parties (Note 7)	524,869	370,179
Convertible promissory notes, net (Note 8)	2,548,325	455,606
Short term notes payable (Note 10)	186,981	-



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Accrued interest, related parties (Note 11)	1,005,144	685,907
Warrant liability (Note 13)	1,396,199	1,943,883
Notes payable, related parties, net (Note 11)	5,335,243	5,222,259
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,165,427</b>	<b>11,159,637</b>
<b>NON-CURRENT LIABILITIES</b>		
Contract liabilities (Note 5)	25,959	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>25,959</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>14,191,386</b>	<b>11,159,637</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' DEFICIT</b>		
PREFERRED STOCK, par value \$0.001, 5,000,000 shares authorized; no shares issued and outstanding	-	-
PREFERRED STOCK, SERIES A CONVERTIBLE, par value \$0.001,		
6,175 designated; 6,175 shares issued and 0 shares outstanding		
in 2018 and 2017	-	-
PREFERRED STOCK, SERIES B CONVERTIBLE, par value \$0.001,		
293 designated; 293 shares issued and 0 shares outstanding		
in 2018 and 2017	-	-
COMMON STOCK, par value \$0.001, 350,000,000 shares authorized;		
155,107,127 and 139,300,122 issued and outstanding in 2018 and		
2017, respectively (Note 12)	155,107	139,300
<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>100,979,533</b>	<b>94,995,040</b>
<b>ACCUMULATED DEFICIT</b>	<b>(114,541,440)</b>	<b>(104,971,384)</b>
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>	<b>(60,982)</b>	<b>(43,783)</b>
<b>TOTAL STOCKHOLDERS' DEFICIT</b>	<b>(13,467,782)</b>	<b>(9,880,827)</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$723,604</b>	<b>\$1,278,810</b>

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

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SANUWAVE HEALTH, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(UNAUDITED)

	Three Months Ended	Three Months Ended	Nine Months Ended	Nine Months Ended
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
<b>REVENUES</b>				
Product	\$240,759	\$143,234	\$703,054	\$356,911
License fees	335,697	6,250	623,570	36,050
Other revenue	19,333	12,101	66,647	29,238
<b>TOTAL REVENUES</b>	<b>595,789</b>	<b>161,585</b>	<b>1,393,271</b>	<b>422,199</b>
<b>COST OF REVENUES</b>				
Product				