

SANUWAVE Health, Inc.
Form 10-Q
August 14, 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 June 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 (I.R.S. Employer
incorporation or organization) 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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):

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Large accelerated filer
Non-accelerated filer
(Do not check if a smaller reporting company)

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

As of August 10, 2018, there were issued and outstanding 154,644,203 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, the Company’s near term cash requirements and cash sources, clinical trial results, regulatory approvals, operating results, business strategies, projected costs, products, competitive positions, management’s plans and objectives for future operations, and industry trends. 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 comparable 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 (UNAUDITED)

SANUWAVE HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30,	December 31,
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$670,714	\$730,184
Accounts receivable, net of allowance for doubtful accounts of \$31,453 in 2018 and \$92,797 in 2017	144,330	152,520
Contract assets (Note 6)	40,000	-
Inventory, net of losses and obsolescence of \$71,410 in 2018 and \$65,870 in 2017	216,316	231,532
Prepaid expenses	144,816	90,288
TOTAL CURRENT ASSETS	1,216,176	1,204,524
PROPERTY AND EQUIPMENT, net (Note 4)	59,787	60,369
OTHER ASSETS	17,789	13,917
TOTAL ASSETS	\$1,293,752	\$1,278,810
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$951,034	\$1,496,523
Accrued expenses (Note 5)	966,984	673,600
Accrued employee compensation	195,874	1,680
Contract liabilities (Note 6)	491,055	-
Advances from related and unrelated parties (Note 7)	144,000	310,000
Line of credit, related parties (Note 8)	517,279	370,179
Convertible promissory notes, net (Note 9)	2,648,548	455,606
Short term notes payable (Note 11)	85,041	-
Interest payable, related parties (Note 12)	842,653	685,907
Warrant liability (Note 16)	3,637,207	1,943,883
Notes payable, related parties, net (Note 12)	5,297,743	5,222,259
TOTAL CURRENT LIABILITIES	15,777,418	11,159,637

NON-CURRENT LIABILITIES

Contract liabilities (Note 6)	76,500	-
TOTAL NON-CURRENT LIABILITIES	76,500	-
TOTAL LIABILITIES	15,853,918	11,159,637

COMMITMENTS AND CONTINGENCIES (Note 17)

STOCKHOLDERS' DEFICIT

PREFERRED STOCK, SERIES A CONVERTIBLE, par value \$0.001, 6,175 authorized; 6,175 shares issued and 0 shares outstanding in 2017 and 2016 (Note 15)	-	-
PREFERRED STOCK, SERIES B CONVERTIBLE, par value \$0.001, 293 authorized; 293 shares issued and 0 shares outstanding in 2017 and 2016, respectively (Note 15)	-	-
PREFERRED STOCK - UNDESIGNATED, par value \$0.001, 4,993,532 shares authorized; no shares issued and outstanding (Note 15)	-	-
COMMON STOCK, par value \$0.001, 350,000,000 shares authorized; 151,852,757 and 139,300,122 issued and outstanding in 2018 and 2017, respectively (Note 14)	151,853	139,300