

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 March 31, 2018

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: 001-37714

Sensus Healthcare, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

27-1647271

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

851 Broken Sound Pkwy., NW #215, Boca Raton, Florida

(Address of principal executive office)

33487

Zip Code)

(561) 922-5808

(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, a smaller reporting company, or an "emerging growth company". See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" and an "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if smaller reporting company) Emerging growth company

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

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.

As of April 28, 2018, 13,568,002 shares of the Registrant's Common Stock, \$0.01 par value, were outstanding.

**SENSUS HEALTHCARE, INC.
QUARTERLY REPORT ON FORM 10-Q
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INTRODUCTORY NOTE
Caution Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words “may,” “could,” “should,” “would,” “will,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “target,” “goal,” and similar expressions are intended to identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements.

Our ability to achieve our financial objectives could be adversely affected by the factors discussed in detail in Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A. “Risk Factors” in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K, as well as:

- our ability to achieve and sustain profitability;
- market acceptance of the SRT-100 product line;
- our ability to successfully commercialize our products, including the SRT-100;
- our ability to compete effectively in selling our products and services, including responding to technological change and cost containment efforts of our customers;
- the regulatory requirements applicable to us and our competitors, including any adverse regulatory action taken against us;
- our need and ability to obtain additional financing in the future, as well as complying with the restrictions our existing revolving credit facility imposes;
- our ability to expand, manage and maintain our direct sales and marketing organizations;
- our actual financial results may vary significantly from forecasts and from period to period;
- our ability to successfully develop new products, improve or enhance existing products or acquire complementary products, technologies, services or businesses;
- our ability to obtain and maintain intellectual property of sufficient scope to adequately protect our products, including the SRT-100, and our ability to avoid infringing or otherwise violating the intellectual property rights of third parties;
- market risks regarding consolidation in the healthcare industry;
- the willingness of healthcare providers to purchase our products if coverage, reimbursement and pricing from third party payors for procedures using our products declines;
- the level and availability of government and third-party payor reimbursement for clinical procedures using our products;
- our ability to effectively manage our anticipated growth, including hiring and retaining qualified personnel;
- our ability to manufacture our products to meet demand;
- our reliance on third party manufacturers and sole- or single-source suppliers;
- our ability to reduce the per unit manufacturing cost of the SRT-100;
- our ability to efficiently manage our manufacturing processes;
- the regulatory and legal risks, and certain operating risks, that our international operations subject us to;
- off label use of our products;
- the fact that product quality issues or product defects may harm our business;
- the accuracy of our financial statements and accounting estimates, including allowances for accounts receivable and inventory obsolescence;
- any product liability claims;
- limited trading in our shares and the concentration of ownership of our shares;
- cyberattacks and other data breaches and the adverse effect on our reputation;
- new legislation, administrative rules, or executive orders, including those that impact taxes and international trade regulation;
- the provisions in our certificate of incorporation, bylaws, or Delaware law that discourage takeovers or that limit certain disputes to be brought exclusively in the Delaware Court of Chancery;
- the concentration of sales in our customers in the U.S. and China; and
- our ability to manage the risk of the foregoing.

However, other factors besides those listed in *Item 1A Risk Factors* in our Annual Report on Form 10-K or discussed in this Form 10-Q also could adversely affect our results, and you should not consider any such list of factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements made by us or on our behalf speak only as of the date they are made. We do not undertake to update any forward-looking statement, except as required by applicable law.

PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SENSUS HEALTHCARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>As of March 31,</u> <u>2018</u>		<u>As of December 31,</u> <u>2017</u>
	(unaudited)		
Assets			
Current Assets			
Cash and cash equivalents	\$ 9,516,479	\$	10,085,468
Accounts receivable, net	8,062,946		4,958,255
Inventories	1,233,454		1,171,383
Investment in debt securities	—		1,104,635

Prepaid and other current assets	477,533	566,972
Total Current Assets	19,290,412	17,886,713
Property and Equipment, Net	605,235	394,078
Patent Rights, Net	506,026	530,123
Deposits	26,936	24,272
Total Assets	<u>\$ 20,428,609</u>	<u>\$ 18,835,186</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 4,155,764	\$ 4,067,894
Product warranties	140,045	146,722
Deferred revenue, current portion	663,643	652,242
Total Current Liabilities	4,959,452	4,866,858
Revolving Credit Facility	4,215,633	2,214,970
Deferred Revenue, Net of Current Portion	66,687	73,083
Total Liabilities	9,241,772	7,154,911
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, 5,000,000 shares authorized and none issued and outstanding	—	—
Common stock, \$0.01 par value – 50,000,000 authorized; 13,601,456 issued and 13,568,002 outstanding at March 31, 2018; 13,522,168 issued and 13,488,714 outstanding at December 31, 2017	136,014	135,221
Additional paid-in capital	23,813,323	23,181,641
Treasury stock, 33,454 shares at cost, at March 31, 2018 and December 31, 2017, respectively	(133,816)	(133,816)
Accumulated deficit	(12,628,684)	(11,502,771)
Total Stockholders' Equity	11,186,837	11,680,275
Total Liabilities and Stockholders' Equity	<u>\$ 20,428,609</u>	<u>\$ 18,835,186</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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SENSUS HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

	For the Three Months Ended	
	March 31,	
	2018	2017
Revenues	\$ 5,955,462	\$ 4,354,349
Cost of Sales	2,015,200	1,499,701
Gross Profit	3,940,262	2,854,648
Operating Expenses		
Selling and marketing	2,214,911	2,263,481
General and administrative	1,342,253	1,043,953
Research and development	1,497,618	1,135,426
Total Operating Expenses	5,054,782	4,442,860
Loss From Operations	(1,114,520)	(1,588,212)
Other Income (Expense)		
Interest income	22,022	22,720
Interest expense	(33,415)	(6,641)
Other Income (Expense), net	(11,393)	16,079
Net Loss	\$ (1,125,913)	\$ (1,572,133)
Net loss per share – basic and diluted	\$ (0.08)	\$ (0.12)
Weighted average number of shares used in computing net loss per share – basic and diluted	13,331,553	13,219,170

See accompanying notes to the unaudited condensed consolidated financial statements.

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SENSUS HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2018

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Deficit	Total
	Shares	Amount		Shares	Amount		
December 31, 2017	13,522,168	\$ 135,221	\$ 23,181,641	(33,454)	\$ (133,816)	\$ (11,502,771)	\$ 11,680,275
Stock based compensation	50,000	500	541,108	—	—	—	541,608
Exercise of warrants	29,288	293	90,574	—	—	—	90,867
Net loss	—	—	—	—	—	(1,125,913)	(1,125,913)
March 31, 2018 (unaudited)	13,601,456	\$ 136,014	\$ 23,813,323	(33,454)	\$ (133,816)	\$ (12,628,684)	\$ 11,186,837

See accompanying notes to the unaudited condensed consolidated financial statements.

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SENSUS HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended March 31,	
	2018	2017
Cash Flows From Operating Activities		
Net loss	\$ (1,125,913)	\$ (1,572,133)
Adjustments to reconcile net income (loss) to net cash and cash equivalents used in operating activities:		
Bad debt expense	2,345	169,054
Depreciation and amortization	100,534	94,157
Provision for product warranties	36,790	80,122
Stock based compensation	541,608	104,070
Decrease (increase) in:		
Accounts receivable	(3,107,036)	(1,290,900)
Inventories	(62,071)	(282,406)
Prepaid and other current assets	86,775	(256,274)
Increase (decrease) in:		
Accounts payable and accrued expenses	87,870	559,423
Deferred revenue	5,005	(297,879)
Product warranties	(43,467)	(68,300)
Total Adjustments	<u>(2,351,647)</u>	<u>(1,188,933)</u>
Net Cash Used In Operating Activities	<u>(3,477,560)</u>	<u>(2,876,066)</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	\$ (287,594)	\$ (144,492)
Investment in debt securities - held to maturity	—	(1,840,228)
Investments matured	1,104,635	1,500,000
Net Cash Provided By (Used In) Investing Activities	<u>817,041</u>	<u>(484,720)</u>
Cash Flows from Financing Activities		
Exercise of warrants	90,867	—
Revolving credit facility, net	2,000,663	1,500,000
Net Cash Provided By Financing Activities	<u>2,091,530</u>	<u>1,344,532</u>
Net Decrease in Cash and Cash Equivalents	<u>(568,991)</u>	<u>(1,901,254)</u>
Cash and Cash Equivalents – Beginning	10,085,468	5,042,477
Cash and Cash Equivalents – Ending	<u>\$ 9,516,479</u>	<u>\$ 3,141,223</u>
Supplemental Disclosure of Cash Flow Information		
Interest Paid	\$ 33,415	\$ 6,641

See accompanying notes to the unaudited condensed consolidated financial statements.

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SENSUS HEALTHCARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE BUSINESS

Sensus Healthcare, Inc. (the “Company”) is a manufacturer of superficial radiation therapy devices and has established a distribution and marketing network to sell the devices to healthcare providers globally. The Company was organized on May 7, 2010 as a limited liability corporation. On January 1, 2016, the Company completed a corporate conversion pursuant to which Sensus Healthcare, Inc. succeeded to the business of Sensus Healthcare, LLC. In February 2018, the Company opened a wholly-owned subsidiary in Israel. The Company operates as one segment based at its corporate headquarters located in Boca Raton, Florida.

BASIS OF PRESENTATION

The accompanying unaudited condensed financial statements in this Quarterly Report on Form 10-Q have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP, and the rules and regulations of the U.S. Securities and Exchange Commission, or SEC. Accordingly, they do not include certain footnotes and financial presentations normally required under accounting principles generally accepted in the United States of America for complete financial statements. The interim financial information is unaudited, but reflects all normal adjustments and accruals which are, in the opinion of management, considered necessary to provide a fair presentation for the interim periods presented. The accompanying condensed consolidated financial statements should be read in conjunction with the Company’s audited financial statements and notes thereto for the year ended December 31, 2017 included in the Company’s Form 10-K, filed with the SEC. The results for the three months ended March 31, 2018 are not necessarily indicative of results to be expected for the year ending December 31, 2018, any other interim periods, or any future year or period.

PRINCIPLES OF CONSOLIDATION

The accompanying condensed consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary in Israel. All inter-company balances and transactions have been eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates to which it is reasonably possible that a change could occur in the near term include, inventory reserves, receivable allowances, recoverability of long lived assets and estimation of the Company’s product warranties. Actual results could differ from those estimates.

REVENUE RECOGNITION

On January 1, 2018, the Company adopted Accounting Standards Codification (“ASC”) Topic 606, “Revenue from Contracts with Customers” using the modified retrospective method. The adoption of this standard did not result in a significant change to the Company’s historical revenue recognition policies and there were

no necessary adjustments required to retained earnings upon adoption.

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

The Company's revenue consists of sales of the Company's devices and services related to repairing and maintaining the devices. The agreement for the sale of the devices and the service contract are usually signed at the same time and in some instances a service contract is signed on a stand-alone basis. Revenue for service contracts is recognized over the service contract period on a straight-line basis. The Company determined that in practice no significant discount is given on the service contract when it is offered with the device purchase as compared to when it is sold on a stand-alone basis, by comparing the median selling price of the service contract as stand-alone and the median selling price of the service contract when sold together with the device. The service level provided is identical when the service contract is purchased stand-alone or together with the device; there is no termination provision in the service contract nor any penalties in practice for cancellation of the service contract. The service contract is not considered a performance obligation until it is paid, and it does not provide a material right for a significant discount when purchased with the device. The service portion of a sales contract or a stand alone service contract is accounted for over the period of time of the service contract only when the customer exercises the option by paying for the service contract. For the three months ended March 31, 2018, service contract revenue was approximately 7% of total revenues.

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The Company operates in a highly-regulated environment and is continually entering into new markets in which regulatory approval is sometimes required prior to the customer being able to use the product. In these cases, where regulatory approval is pending, revenue is deferred until such time as regulatory approval is obtained.

Deferred revenue consists of payments from customers for long term separately priced service contracts and deposits on products. Deferred revenue as of March 31, 2018 and December 31, 2017 was as follows:

	<u>As of March 31,</u> <u>2018</u>	<u>As of December 31,</u> <u>2017</u>
	(unaudited)	
Service contracts	\$ 575,158	\$ 570,242
Deposits on products	88,485	82,000
Total deferred revenue, current portion	\$ 663,643	\$ 652,242
Service contracts, net of current portion	66,687	73,083
Total deferred revenue	\$ 730,330	\$ 725,325

The Company provides warranties, generally for one year, in conjunction with the sale of its product. These warranties are short term in nature and entitle the customer to repair, replacement, or modification of the defective product subject to the terms of the respective warranty. The Company records an estimate of future warranty claims at the time the Company recognizes revenue from the sale of the product based upon management's estimate of the future claims rate.

Shipping and handling costs are expensed as incurred and are included in cost of sales.

SEGMENT AND GEOGRAPHICAL INFORMATION

The Company's revenue is generated primarily from customers in the United States, which represented approximately 100% and 99% for the three months ended March 31, 2018 and 2017, respectively. A customer in the US accounted for approximately 75% and 51% of revenues for the three months ended March 31, 2018 and 2017, respectively, and approximately 93% and 87% of the accounts receivable as of March 31, 2018 and December 31, 2017, respectively.

CASH AND CASH EQUIVALENTS

The Company maintains its cash and cash equivalents with financial institutions which balances exceed the federally insured limits. Federally insured limits are \$250,000 for deposits. As of March 31, 2018 and December 31, 2017, the Company had approximately \$9,255,000 and \$9,952,000, respectively in excess of federally insured limits.

For purposes of the statement of cash flows, the Company considers all highly liquid financial instruments with a maturity of three months or less when purchased to be a cash equivalent.

INVESTMENTS

Short-term investments consist of investments which the Company expects to convert into cash within one year and long-term investments after one year. The Company classifies its investments in debt securities at the time of purchase as held-to-maturity and reevaluates such classification on a quarterly basis. Held-to-maturity investments consist of securities that the Company has the intent and ability to retain until maturity. These securities are carried at amortized cost plus accrued interest and consist of the following:

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	<u>Amortized Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Loss</u>	<u>Fair Value</u>
Short-Term:				
Corporate bonds	\$ 602,599	\$ —	\$ 256	\$ 602,343
United States Treasury bonds	502,036	—	332	501,704
Total Short Term:	1,104,635	—	588	1,104,047
Total Investments December 31, 2017	\$ 1,104,635	\$ —	\$ 588	\$ 1,104,047

There were no investments as of March 31, 2018.

The Company does business and extends credit based on an evaluation of each customer's financial condition, generally without requiring collateral. Exposure to losses on receivables is expected to vary by customer due to the financial condition of each customer. The Company monitors exposure to credit losses and maintains allowances for anticipated losses considered necessary under the circumstances. The allowance for doubtful accounts was approximately \$16,000 as of March 31, 2018 and December 31, 2017. Bad debt expense for the three months ended March 31, 2018 and 2017 was approximately \$2,000 and \$169,000, respectively.

INVENTORIES

Inventories consist of finished product and components and are stated at the lower of cost or net realizable value, determined using the first-in-first-out method.

EARNINGS PER SHARE

Basic net income (loss) per share is calculated by dividing the net income (loss) by the weighted-average number of common shares outstanding for the period using the treasury stock method for options and warrants. The diluted net income per share is computed by giving effect to all potential dilutive common share equivalents outstanding for the period. In periods when the Company has incurred a net loss, options and warrants to purchase common shares are considered common share equivalents but have been excluded from the calculation of diluted net loss per share as their effect is antidilutive. Shares excluded were computed under the treasury stock method as follows:

	For the Three Months Ended March 31,	
	2018	2017
Stock options	3,660	—
Warrants	—	4,025
Unvested shares	—	39,509

ADVERTISING COSTS

Advertising and promotion expenses are charged to expense as incurred. Advertising and promotion expense included in selling and marketing expense in the accompanying statements of operations amounted to approximately \$522,000 and \$733,000 for the three months ended March 31, 2018 and 2017, respectively.

RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 eliminated transaction- and industry-specific revenue recognition guidance under current GAAP and replaced it with a principle based approach for determining revenue recognition. ASU 2014-09 requires that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2017. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. In April 2016, the FASB also issued ASU 2016-10, Identifying Performance Obligations and Licensing, implementation guidance on principal versus agent, identifying performance obligations, and licensing. ASU 2016-10 is effective for reporting periods beginning after December 15, 2017. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company adopted the new revenue recognition standard in the first quarter of 2018 using the full retrospective method. There was not a material impact to revenues as a result of applying ASC 606 for the three months ended March 31, 2018, and there have not been significant changes to our business processes, systems, or internal controls as a result of implementing the standard.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." The guidance in ASU 2016-02 supersedes the lease recognition requirements in ASC Topic 840, Leases (FAS 13). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 1, 2018, including interim periods within those fiscal years, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption of the amendments in the update is permitted. The Company is currently evaluating the effect this standard will have on its financial statements.

In May 2017, the FASB issued ASU 2017-09, Compensation – Stock Compensation (Topic 718) – Scope of Modification Accounting. The amendments included in this update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The amendments in this update will be applied prospectively to an award modified on or after the adoption date. The amendments in this update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company adopted this standard in the first quarter of 2018 and it did not have a material impact on its financial statements.

NOTE 2 — PROPERTY AND EQUIPMENT

	As of March 31, 2018 (unaudited)	As to December 31, 2017	Estimated Useful Lives
Operations and rental equipment	\$ 652,573	\$ 542,639	3 years
Tradeshaw and demo equipment	436,247	271,275	3 years
Computer equipment	1,195,807	94,298	3 years
Less accumulated depreciation	(590,572)	(514,134)	
Property and Equipment, Net	\$ 605,235	\$ 394,078	

Depreciation expense was approximately \$76,000 and \$70,000 for the three months ended March 31, 2018 and 2017, respectively.

NOTE 3 — PATENT RIGHTS

	As to March 31, 2018 (unaudited)	As of December 31, 2017
Gross carrying amount	\$ 1,253,018	\$ 1,253,018
Less accumulated amortization	(746,992)	(722,895)
Patent Rights, Net	506,026	530,123

Amortization expense was approximately \$24,000 for the three months ended March 31, 2018 and 2017. As of March 31, 2018, future remaining amortization expense

is as follows:

Year	
2018 (April 1 – December 31, 2018)	\$ 72,280
2019	96,386
2020	96,386
2021	96,386
2022	96,386
Thereafter	48,202
Total	\$ 506,026

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NOTE 4 — REVOLVING CREDIT FACILITY

On March 12, 2013, the Company entered into a two-year \$3 million revolving credit facility. The credit facility was amended and extended effective March 12, 2015 through May 12, 2017. The maximum borrowing was reduced to \$1,500,000 and was limited by the Company's eligible borrowing base of 80% of eligible accounts receivable. On September 21, 2016, a second amendment to the credit facility extended the facility through September 21, 2017, increased the maximum borrowing to \$2,000,000 and expanded the eligible accounts receivables to include certain international receivables. The Company was not in compliance in April and May 2017 with one of its financial covenants. On June 27, 2017, the covenant defaults were waived and the agreement was amended to modify the financial covenants effective June 2017. An amendment signed on September 15, 2017 extended the maturity date of the credit line through November 19, 2017. On October 31, 2017, the Company amended its revolving credit facility to extend the maturity to October 31, 2019 and to amend the financial covenants. The availability under the amended facility will equal the lesser of the \$5 million commitment amount or the borrowing base plus the \$2.5 million non-formula sublimit. The borrowing base consists of 80% of eligible accounts receivable, as defined in the agreement.

Interest, at Prime plus 0.75% (5.50% at March 31, 2018) and Prime plus 1.50% on non-formula borrowings (6.25% at March 31, 2018), is payable monthly, and the outstanding principal and interest are due on the maturity date. The facility is secured by all of the Company's assets and limits the amount of additional indebtedness, restricts the sale, disposition or transfer of assets of the Company and requires the maintenance of a certain monthly adjusted quick ratio restrictive covenant, as defined in the agreement. The Company was in compliance with its financial covenants as of March 31, 2018 and December 31, 2017. Approximately \$4,216,000 was outstanding under the revolving credit facility at March 31, 2018 and \$2,215,000 at December 31, 2017. The Company pays commitment fees of 0.25% per annum on the average unused portion of the line of credit.

NOTE 5 — PRODUCT WARRANTIES

Changes in product warranty liability were as follows for the three months ended March 31, 2018:

Balance, beginning of period	\$ 146,722
Warranties accrued during the period	36,790
Payments on warranty claims	(43,467)
Balance, end of period	\$ 140,045

NOTE 6 — COMMITMENT AND CONTINGENCIES

OPERATING LEASE AGREEMENTS

In July 2016, the Company renewed its lease with an unrelated third party for its headquarters office. The renewal was effective September 1, 2016 and expanded the office space being occupied. The lease expires in September 2022 and lease payments increase by 3% annually. In February 2017 and January 2018, the Company signed amendments to expand further the leased office space. The Company's Israeli subsidiary also leases office space starting in February 2018. Future minimum lease payments as of March 31, 2018 are as follows:

Year	Minimum Lease Payment
2018	164,000
2019	217,000
2020	224,000
2021	231,000
2022	177,000
Total	\$ 1,008,000

Rental expense for three months ended March 31, 2018 and 2017 was approximately \$53,000 and \$40,000, respectively.

MANUFACTURING AGREEMENT

In July 2010, the Company entered into a three-year contract manufacturing agreement with an unrelated third party for the production and manufacture of the Company's main product in accordance with the Company's product specifications. The agreement renews for successive years unless either party notifies the other party in writing, at least 60 days prior to the anniversary date of this agreement that it will not renew the agreement. The Company or the manufacturer has the option to terminate the agreement with 90 days written notice. Any change in the relationship with the manufacturer could have an adverse effect on the Company's business.

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Purchases from this manufacturer totaled approximately \$1,137,000 and \$1,275,000 for the three months ended March 31, 2018 and 2017, respectively. As of March 31, 2018, and December 31, 2017 approximately \$986,000 and \$829,000, respectively, was due to this manufacturer, which is presented in accounts payable and accrued expenses in the accompanying balance sheets.

LEGAL CONTINGENCIES

The Company is party to certain legal proceedings in the ordinary course of business. The Company assesses, in conjunction with its legal counsel, the need to record a liability for litigation and related contingencies.

NOTE 7 — EMPLOYEE BENEFIT PLANS

We sponsor a 401(k) defined contribution retirement plan that allows eligible employees to contribute a portion of their compensation through payroll deductions in accordance with specified plan guidelines. We make contributions to the plans that include matching a percentage of the employees' contributions up to certain limits. Expenses related to this plan totaled approximately \$24,000 and \$0 for the three months ended March 31, 2018 and 2017, respectively.

NOTE 8 — STOCKHOLDERS' EQUITY

The Company has authorized 50,000,000 shares of common stock, of which 13,601,456 were issued and 13,568,002 outstanding at March 31, 2018; 13,522,168 shares were issued and 13,488,714 were outstanding as of December 31, 2017.

STOCK ISSUANCES

On January 1, 2016, Sensus Healthcare, LLC converted into a Delaware corporation pursuant to a statutory conversion and changed its name to Sensus Healthcare, Inc. As a result of the corporate conversion, the holders of the different classes of units of Sensus Healthcare, LLC became holders of common stock of Sensus Healthcare, Inc. Holders of warrants and options, respectively, to purchase membership interests of Sensus Healthcare, LLC became holders of warrants and options to purchase common stock of Sensus Healthcare, Inc., respectively. Each membership interest converted to one share of common stock.

WARRANTS

In April 2013, the closing date of the second common offering, the Company's placement agent received investor rights to 5 year warrants to purchase 86,376 common shares of the Company at an exercise price of \$4.55 per unit, which was equal to 110% of the offering price. During the three months ended March 31, 2018, 73,309 of the warrants were exercised, and 13,067 warrants expired.

In June 2016, from the Company's IPO, the investors received three-year warrants to purchase 2,300,000 shares of common stock at an exercise price of \$6.75 per share; the warrants are exercisable through June 2, 2019. Following the first anniversary of the date of issuance, if certain conditions are met, the Company may redeem any and all of the outstanding warrants at a price equal to \$0.01 per warrant.

In addition, the underwriter's representatives for the IPO received four-year warrants to purchase up to 138,000 units, consisting of one share of common stock and one warrant to purchase one share of common stock. The warrants for the units are exercisable between June 2, 2017 and June 2, 2021 at an exercise price of \$6.75 per unit.

The following table summarizes the Company's warrant activity:

	Common Unit Warrants		
	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)
Outstanding – December 31, 2017	2,524,376	\$ 6.67	1.50
Granted	—	—	—
Exercised	(73,309)	4.55	—
Expired	(13,067)	4.55	—
Outstanding – March 31, 2018	2,438,000	\$ 6.75	1.30
Exercisable – March 31, 2018	2,438,000	\$ 6.75	1.30

The intrinsic value of the common stock warrants was approximately \$0 and \$19,000 as of March 31, 2018, and December 31, 2017, respectively.

2016 AND 2017 EQUITY INCENTIVE PLANS

The Company has limited the aggregate number of shares of common stock to be awarded under the 2016 Equity Incentive Plan to 397,473 shares and no more than 397,473 shares of common stock in the aggregate may be granted in connection with incentive stock options. The Company has limited the aggregate number of shares of common stock to be awarded under the 2017 Equity Incentive Plan to 500,000 shares and no more than 500,000 shares of common stock in the aggregate may be granted in connection with incentive stock options. In addition, unless the Compensation Committee specifically determines otherwise, the maximum number of shares available under the 2016 and 2017 Plans and the awards granted under those plans will be subject to appropriate adjustment in the case of any stock dividends, stock splits, recapitalizations, reorganizations, mergers, consolidations, exchanges or other changes in capitalization affecting our common stock.

On June 2, 2016, 307,666 shares of restricted stock were issued to employees and were recorded at the fair value of \$5.25 as per the initial offering price. In addition, on January 20, 2017, 10,000 shares of restricted stock were issued to one employee and were recorded at the fair value of \$4.99 per share. The restricted shares vest 25% per year over a four-year vesting period and are being recognized as expense on a straight-line basis over the vesting period of the awards.

On January 25, 2018, 80,000 fully vested shares were granted to the nonemployee directors, and 229,334 stock options with a four year vesting period were granted to employees. The shares were recorded at the fair value of \$5.55 per share for a total of \$444,000 and the stock options were valued using a Black Scholes model at \$3.52 per option using the assumptions noted in the following table.

	2018
Expected volatility	67.8 %
Risk-free interest rate	2.5 %
Expected life	6.25 years
Dividend yield	0.0 %

The Company recognizes forfeitures as they occur rather than estimating a forfeiture rate. The reduction of stock compensation expense related to the 30,000 shares forfeited for the three months ended in March 31, 2018 was approximately \$39,000.

A summary of the restricted stock activity is presented as follows:

	Shares	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2017	237,000	\$ 5.24
Granted	—	—
Vested	(2,500)	4.99
Forfeited	(30,000)	5.25

The following table summarizes the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)
Outstanding – December 31, 2017	—	\$ —	—
Granted	229,334	3.52	4.00
Exercised	—	—	—
Expired	—	—	—
Outstanding – March 31, 2018	229,334	\$ 3.52	3.83
Exercisable – March 31, 2018	—	—	—

The intrinsic value of the stock options was approximately \$21,000 and \$0 as of March 31, 2018, and December 31, 2017, respectively.

Stock compensation expense of approximately \$541,000 and \$104,000 was recognized for the three months ended March 31, 2018 and 2017, respectively. Unrecognized stock compensation expense was approximately \$1,584,000 as of March 31, 2018, which will be recognized over the remaining vesting period. As of March 31, 2018, no shares were available to be granted under the 2016 Plan and 305,473 shares were available to be granted under the 2017 Plan.

TREASURY STOCK

The Company accounts for purchases of treasury stock under the cost method with the cost of such share purchases reflected in treasury stock in the accompanying condensed balance sheet. As of March 31, 2018, the Company had 33,454 treasury shares.

NOTE 9 — INCOME TAXES

Book income before taxes was negative for the three months ended March 31, 2018. Tax expense for the three months ended March 31, 2018 and 2017 was \$0.

There are no uncertain tax positions that would require recognition in the financial statements. If the Company incurs an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

The Company accounts for income taxes in accordance with ASC 740, Income Taxes, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim period, disclosure and transition.

As of March 31, 2018, the Company has U.S. federal and certain state tax returns subject to examination, beginning with those filed for the year 2014.

NOTE 10 — SUBSEQUENT EVENTS

The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that the financial statements were issued for potential recognition or disclosure. The Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

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

You should read the following discussion and analysis in conjunction with the information set forth within the financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and with our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2017 ("Annual Report"). The statements in this discussion regarding our expectations of our future performance, liquidity and capital resources, our plans, estimates, beliefs and expectations that involve risks and uncertainties, and other non-historical statements in this discussion, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "target," "goal," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. Our actual results may differ materially from those contained in or implied by any forward-looking statements. Please see the Introductory Note and Item 1A. Risk Factors of our Annual Report, as updated in our subsequent quarterly reports filed on Form 10-Q, and in our other filings made from time to time with the SEC after the date of this report.

Overview

The Company was formed in 2010 to design, manufacture and market proprietary medical devices specializing in the treatment of non-melanoma skin cancers and other skin conditions, such as keloids, with superficial radiation therapy. In February 2018, the Company opened a subsidiary in Israel.

The SRT-100 is a photon x-ray low energy superficial radiotherapy system that provides patients an alternative to surgery for treating non-melanoma skin cancers, including basal cell and squamous cell skin cancers and other skin conditions such as keloids. The SRT-100 may also be used to treat primary lesions that would otherwise be difficult to treat or require extensive surgery involving sensitive areas of the head and neck regions, such as the fold in the nose, eyelids, lips, corner of the mouth, and the lining of the ear, which could lead to a less than desirable cosmetic outcome. Superficial radiation therapy treatment procedures do not require the use of anesthetics and eliminates the need for skin grafting. The SRT-100 provides healthcare providers and patients with a safe, virtually painless, and substantially non-scarring treatment option for non-melanoma skin cancer and other skin conditions, such as keloids. It allows dermatologists to retain non-melanoma skin cancer patients, rather than referring them to specialists, while offering radiation oncologists an alternative to costly linear accelerator-based treatments with a process that is less invasive, more time-efficient, and improves practice economics. Our revenue is primarily derived from sales of our SRT-100 product line.

Components of our results of operations

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

Results of Operations

	For the Three Months Ended March 31,	
	2018	2017
Revenues	\$ 5,955,462	\$ 4,354,349
Cost of Sales	2,015,200	1,499,701
Gross Profit	3,940,262	2,854,648
Operating Expenses		
Selling and marketing	2,214,911	2,263,481
General and administrative	1,342,253	1,043,953
Research and development	1,497,618	1,135,426
Total Operating Expenses	5,054,782	4,442,860
Loss From Operations	(1,114,520)	(1,588,212)
Other Income (Expense)		
Interest income	22,022	22,720
Interest expense	(33,415)	(6,641)
Other Income (Expense), net	(11,393)	16,079
Net Loss	\$ (1,125,913)	\$ (1,572,133)

Three months ended March 31, 2018 compared to the three months ended March 31, 2017

Revenue. Revenue was \$5,955,462 for the three months ended March 31, 2018 compared to \$4,354,349 for the three months ended March 31, 2017, an increase of \$1,601,113, or 36.8%. The growth in revenue was primarily attributable to an increase in sales of the higher priced SRT-100 Vision product in the current quarter.

Cost of sales. Cost of sales was \$2,015,200 for the three months ended March 31, 2018 compared to \$1,499,701 for the three months ended March 31, 2017, an increase of \$515,499, or 34.4%. The increase in cost of sales was due to the increase in sales.

Gross profit. Gross profit was \$3,940,262 for the three months ended March 31, 2018 compared to \$2,854,648 for the three months ended March 31, 2017 an increase of \$1,085,614, or 38.0%. Our overall gross profit percentage was 66.2% in the three months ended March 31, 2018 compared to 65.6% in the corresponding period in 2017.

Selling and marketing. Selling and marketing expense was \$2,214,911 for the three months ended March 31, 2018 compared to \$2,263,481 for the three months ended March 31, 2017, a decrease of \$48,570, or 2.1%. The decrease was primarily attributable to reduced spending on tradeshows and a decrease in advertising expense offset by an increase in commission expense attributable to the increase in sales.

General and administrative. General and administrative expense was \$1,342,253 for the three months ended March 31, 2018 compared to \$1,043,953 for the three months ended March 31, 2017, an increase of \$298,300, or 28.6%. The net increase was due to stock compensation expense for shares granted during the quarter, partially offset by a reduction in bad debts.

Research and development. Research and development expense was \$1,497,618 for the three months ended March 31, 2018 compared to \$1,135,426 for the three months ended March 31, 2017, an increase of \$362,192, or 31.9%. The increase in research and development spending was primarily attributable to new R&D projects.

Other income (expense). We incur interest expense in connection with our secured credit facility with Silicon Valley Bank and earn interest income from our investment in held-to-maturity securities.

Financial Condition

Our cash, cash equivalent and investment balance decreased from \$11.2 million at December 31, 2017 to \$9.5 million at March 31, 2018, primarily as a result of the operating loss of \$1.1 million during the first three months of 2018.

Borrowings under the revolving line of credit as of March 31, 2018 were approximately \$4.2 million.

Liquidity and Capital Resources

Overview

Our liquidity position and capital requirements may be impacted by a number of factors, including the following:

- our ability to generate and increase revenue;
- fluctuations in gross margins, operating expenses and net results; and
- fluctuations in working capital.

Our primary short-term capital needs, which are subject to change, include expenditures related to:

- expansion of our sales, marketing and distribution activities; and
- expansion of our research and development activities.

We regularly evaluate our cash requirements for current operations, commitments, capital requirements and business development transactions, and we may elect to raise additional funds for these purposes in the future.

Cash flows

The following table provides a summary of our cash flows for the periods indicated:

	2018	2017
Net Cash Provided by (Used In):		
Operating Activities	\$ (3,477,560)	\$ (2,761,066)
Investing Activities	817,041	(484,720)
Financing Activities	2,091,530	1,344,532
Total	\$ (568,989)	\$ (1,901,254)

Cash flows from operating activities

Net cash used in operating activities was \$3,477,560 for the three months ended March 31, 2018, consisting of a net loss of \$1,125,913 and an increase in net operating assets of \$3,032,923, partially offset by non-cash charges of \$681,277. The increase in net operating assets was primarily due to the increase in sales resulting in an increase in accounts receivable. Non-cash charges consisted of stock compensation expense, depreciation and amortization, bad debts and warranty provision. Net cash used in operating activities was \$2,761,066 for the three months ended March 31, 2017, primarily due to the increase in accounts receivable as well as an increase in inventories and deferred revenue.

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Cash flows from investing activities

Net cash provided by investing activities was \$817,041 due to the maturity of debt securities held-to-maturity for \$1,104,635, offset by \$287,594 for the acquisition of property and equipment during the three months ended March 31, 2018. Cash used in investing activities was \$484,720 for the three months ended March 31, 2017 due to the purchase of debt securities held-to-maturity for \$1,840,228 and \$144,492 for acquisition of property and equipment, offset by maturity of debt securities held-to-maturity of \$1,500,000.

Cash flows from financing activities

Net cash provided by financing activities was \$2,091,530 during the three months ended March 31, 2018, mostly from the \$2,000,663 borrowing from our revolving credit facility. Net cash provided by financing activities was \$1,344,532 during the three months ended March 31, 2017, mainly from \$1,500,000 in borrowing from our revolving credit facility.

Indebtedness

Silicon Valley Bank Secured Credit Facility

On March 12, 2013, the Company entered into a two-year \$3 million revolving credit facility. The credit facility was amended and extended effective March 12, 2015 through May 12, 2017. The maximum borrowing was reduced to \$1,500,000 and was limited by the Company's eligible borrowing base of 80% of eligible accounts receivable. On September 21, 2016, a second amendment to the credit facility extended the facility through September 21, 2017, increased the maximum borrowing to \$2,000,000 and expanded the eligible accounts receivables to include certain international receivables. The Company was not in compliance in April and May 2017 with one of its financial covenants. On June 27, 2017, the covenant defaults were waived and the agreement was amended to modify the financial covenants effective June 2017. An amendment signed on September 15, 2017 extended the maturity date of the credit line through November 19, 2017. On October 31, 2017, the Company amended its revolving credit facility to extend the maturity to October 31, 2019 and to amend the financial covenants. The availability under the amended facility will equal the lesser of the \$5 million commitment amount or the borrowing base plus the \$2.5 million non-formula sublimit. The borrowing base consists of 80% of eligible accounts receivable, as defined in the agreement.

Interest, at Prime plus 0.75% (5.50% at March 31, 2018) and Prime plus 1.50% on non-formula borrowings (6.25% at March 31, 2018), is payable monthly, and the outstanding principal and interest are due on the maturity date. The facility is secured by all of the Company's assets and limits the amount of additional indebtedness, restricts the sale, disposition or transfer of assets of the Company and requires the maintenance of a certain monthly adjusted quick ratio restrictive covenant, as defined in the agreement. The Company was in compliance with its financial covenants as of March 31, 2018 and December 31, 2017. Approximately \$4,216,000 was outstanding under the revolving credit facility at March 31, 2018 and \$2,215,000 at December 31, 2017. The Company pays commitment fees of 0.25% per annum on the average unused portion of the line of credit.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and do not currently have, any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S., or GAAP. We have identified certain accounting policies as critical to understanding our financial condition and results of our operations. For a detailed discussion on the application of these and other accounting policies, see the notes to our financial statements and our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, for the year ended December 31, 2017.

JOBS Act

We qualify as an "emerging growth company" pursuant to the provisions of the JOBS Act. For as long as we are an "emerging growth company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, reduced disclosure obligations relating to the presentation of financial statements in Management's Discussion and Analysis of Financial Condition and Results of Operations, exemptions from the requirements of holding advisory "say-on-pay" votes on executive compensation and shareholder advisory votes on golden parachute compensation. We have availed ourselves of the reduced reporting obligations in this Quarterly Report on Form 10-Q, and expect to continue to avail ourselves of the reduced reporting obligations available to emerging growth companies in future filings.

In addition, an emerging growth company can delay its adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we have chosen to "opt out" of such extended transition period, and as a result, we plan to comply with any new or revised accounting standards on the relevant dates on which non-emerging growth companies must adopt such standards. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

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Not applicable.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Control and Procedures

As of March 31, 2018, the end of the period covered by this Form 10-Q, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that, as of March 31, 2018, the end of the period covered by this Form 10-Q, we maintained effective disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

Our management, including the Chief Executive Officer and Chief Financial Officer, has reviewed our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). There have been no significant changes in our internal control over financial reporting during our most recently completed fiscal quarter 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

The Company is party to certain legal proceedings in the ordinary course of business. The Company assesses, in conjunction with its legal counsel, the need to record a liability for litigation and related contingencies.

Item 1A. Risk Factors

An investment in our securities involves risks. You should carefully consider the risk factors as previously disclosed in our Form 10-K filed with the SEC for the year ended December 31, 2017, as updated in our subsequent quarterly reports, together with the other information in this Quarterly Report on Form 10-Q, including the financial statements and related notes, before deciding whether to purchase, hold, or sell our securities. The occurrence of any of these risks could harm our business, financial condition, or results of operations or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. You should consider all of the risk factors described when evaluating our business. There have been no material changes to the risk factors as previously disclosed in our Form 10-K filed with the SEC for the year ended December 31, 2017, the discussion of which is specifically incorporated by reference into this Quarterly Report on Form 10-Q.

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

(a) Sales of Unregistered Securities

In February 2018, we issued 29,288 shares of our common stock upon the exercise of warrants, of which 19,840 shares were exercised for cash and 9,448 shares were issued upon cashless exercise according to the terms of the warrants. The sale and issuance of these securities was deemed to be exempt from registration under the Security Act of 1933 in reliance on Section 4(a)(2) thereunder.

(b) Use of Proceeds from the Sale of Registered Securities

In June 2016, we completed an initial public offering, or IPO, of units consisting of one share of common stock and one warrant to purchase one share of common stock. In connection with the IPO, we issued 2,300,000 units of our common stock at a price of \$5.50 per unit, including 300,000 units pursuant to the underwriters' full exercise of their over-allotment option for an aggregate offering price of \$12.65 million. The offer and sale of all of the securities in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1, as amended (File No. 333-209451), which was declared effective by the SEC on June 2, 2016.

We received total net proceeds from the IPO of approximately \$10.5 million after deducting underwriting discounts and commissions of approximately \$0.9 million and other offering expenses of approximately \$1.4 million. We have used approximately \$2.6 million for the payment of dividends to former preferred investors and approximately \$7.3 million to fund our operations.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act on June 2, 2016.

(c) Purchases of Equity Securities by The Registrant and Affiliated Purchases.

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No. Description

[10.1 Employment Agreement between Sensus Healthcare, Inc. and Michael Sardano](#)

[31.1 Certification of Joseph C. Sardano, Chairman and Chief Executive Officer of Sensus Healthcare, Inc., Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934.](#)

[31.2 Certification of Arthur Levine, Chief Financial Officer of Sensus Healthcare, Inc., Pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934.](#)

[32.1 Certification of Joseph C. Sardano, Chairman and Chief Executive Officer of Sensus Healthcare, Inc., Pursuant to 18 U.S.C. Section 1350.](#)

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

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

SENSUS HEALTHCARE, INC.

Date: May 8, 2018

/s/ Joseph C. Sardano
Joseph C. Sardano
Chief Executive Officer
(Principal Executive Officer)

Date: May 8, 2018

/s/ Arthur Levine
Arthur Levine
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EX-10.1 2 s110006_ex10-1.htm EXHIBIT 10.1

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is made as of April 1, 2018, between Sensus Healthcare, Inc., a Delaware corporation (together with its subsidiaries, the "Company") and Michael J. Sardano (the "Executive").

WHEREAS, the Company desires to employ the Executive and the Executive desires to be employed by the Company, on the terms and conditions provided below; and

WHEREAS, this Agreement shall govern the employment relationship between Executive and the Company and supersedes all previous agreements and understandings with respect to such employment relationship.

The parties agree as follows:

1. ENGAGEMENT.

The Company agrees to employ the Executive, and the Executive accepts such employment, on the terms and conditions set forth in this Agreement, unless and until such employment shall have been terminated as provided in this Agreement.

2. TITLE AND DUTIES.

During his employment by the Company, the Executive shall render his services as General Counsel and Director of Regulatory and Governance of the Company, reporting directly to the Chief Executive Officer, shall perform duties consistent with this position as the Board shall request, shall abide by Company policies in effect from time to time, and shall devote his full business time and best efforts to his duties hereunder and the business and affairs of the Company (except during vacation periods and periods of illness or other incapacity), except if an additional job or duty can have a positive effect on the Company (i.e. Public Service, etc.). The Executive may engage in such other pursuits, including, without limitation, personal legal and personal financial affairs, as shall not interfere with the proper performance of his duties and obligations hereunder, provided the Executive shall not serve on any other board of directors of a public or private "for profit" company without the prior consent of the Board. Executive will be based at the Company's principal headquarters facility currently located in Boca Raton, Florida, subject to customary travel and business requirements.

3. TERM.

(a) This Agreement shall commence as of April 1, 2018 and shall continue in effect up through and including the last day of the Company's 2020 fiscal year (currently expected to be on or about December 31, 2020); provided that the term of this Agreement shall automatically be extended for additional successive one (1) year renewal terms unless at least six (6) months prior to the expiration of the then current term, the Company or the Executive shall have given written notice to the other party that this Agreement shall not be extended beyond the then current term.

(b) It is acknowledged and agreed that if this Agreement is not renewed by the Company pursuant to Section 3(a) above, and not as a result of Executive's death, Disability, or Cause pursuant to Section 6(a) or 6(b) below, such non-renewal by the Company will be deemed a termination without Cause pursuant to Section 6(c) or 6(d) below (as applicable). In the event that Executive's employment with the Company ceases at the end of any term because Executive (and not the Company) has given a non-renewal notice set forth in Section 3(a) above, and not as a result of the occurrence of Good Reason pursuant to Section 6(c) or 6(d) below, then such termination of employment shall be treated as a voluntary termination by Executive without Good Reason.

4. COMPENSATION.

(a) Base Salary. Executive's base salary as it may be increased from time to time ("Base Salary") shall be paid in accordance with the Company's normal payroll practices in effect from time to time. Executive's Base Salary shall initially be \$145,000 per annum. Base Salary may be increased during the term but may not be decreased, and the Board or the Compensation Committee of the Board (the "Compensation Committee") shall consider, on an annual basis, the nature, extent and advisability, if any, of an increase in the Executive's Base Salary.

(b) Annual Incentive Bonus. For each fiscal year of the Company that ends during the term, Executive will be eligible to participate in the Company's annual incentive plan established and developed by the Compensation Committee, as it may then be in effect (the "AIP"). Executive's target annual bonus opportunity ("Target Bonus") will be \$30,000 which Target Bonus may be increased but not decreased from time to time in the Compensation Committee's sole discretion. Annual incentive payments will be based on achievement against goals established for the senior executive officer group including Executive by the Compensation Committee, in consultation with Executive.

(c) Executive Stock Based Incentive Plan.

(i) General. The Executive shall be eligible to participate in and receive such equity incentive compensation as may be granted by the Compensation Committee from time to time pursuant to the Company's Executive Stock Based Incentive Plan as such plan may then be in effect and as it may be amended or superseded from time to time (the "Equity Plan") and any other long-term incentive plan for senior Company executives that the Board or Compensation Committee may adopt in consultation with Executive.

(d) Other. Future annual-cycle equity awards (which may include performance conditions) to be granted to Executive under the Equity Plan will be determined by the Compensation Committee in its discretion.

5. BENEFITS.

(a) Employer Benefit Plans. During the term, Executive will be eligible to participate, on terms which are generally available to the other senior executives of the Company and subject to the eligibility requirements of the applicable Company plans as in effect from time to time, in the Company's, deferred compensation, medical, dental, vacation, and disability programs, and other benefits, including a car allowance, generally available to the Company's senior executives from time to time.

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(b) Business Expenses. The Executive is authorized to incur and the Company shall either pay directly or reimburse the Executive for ordinary and reasonable expenses in connection with the performance of his duties hereunder, including, without limitation, expenses for (A) transportation, (B) business meals, (C) travel and lodging, and (D) similar items. The Executive agrees to comply with Company policies with respect to reimbursement and record keeping in connection with such expenses.

6. TERMINATION OF EMPLOYMENT.

The employment of the Executive hereunder may be terminated by the Company at any time, subject to the company providing the compensation and benefits in accordance with the terms of this Section 6, which shall constitute the Executive's sole and exclusive remedy and legal recourse upon any such termination of employment (and the Executive hereby waives and releases any and all other claims against the Company and its parent entities, affiliates, officers, directors and employees in such event).

(a) Termination Due To Death Or Disability. In the event of the Executive's death, Executive's employment shall automatically cease and terminate as of the date of death. If Executive becomes Disabled, the Company may terminate Executive's employment upon thirty (30) days written notice to Executive. For purposes of this Agreement, the terms "Disabled" or "Disability" means Executive's inability, because of physical or mental illness or injury, substantially to perform his duties hereunder as a result of physical incapacity for a continuous period of at least four (4) months, and any dispute as to the Executive's incapacitation shall be resolved by an independent physician selected by the Board and reasonably acceptable to the Executive, whose determination shall be final and binding upon both the Executive and the Company. In the event of the termination of employment due to Executive's death or Disability, Executive or his estate or legal representatives shall be entitled to receive:

- (i) payment for all accrued but unpaid Base Salary as of the date of Executive's termination of employment;
- (ii) reimbursement for expenses incurred by the Executive pursuant to Sections 5(b) hereof up to and including the date on which employment is terminated;
- (iii) any earned benefits to which the Executive may be entitled as of the date of termination pursuant to the terms of any compensation or benefit plans to the extent permitted by such plans (with the payments described in subsections (i) through (iii) above collectively called the "Accrued Payments");
- (iv) any annual incentive bonuses earned but not yet paid for any completed full fiscal year immediately preceding the employment termination date;
- (v) if employment termination occurs prior to the end of any fiscal year, a pro rata annual incentive bonus for such fiscal year in which employment termination occurs (based on actual business days in such fiscal year prior to such employment termination, divided by the total annual business days) determined and paid based on actual performance achieved for that fiscal year against the performance goals for that fiscal year; and

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(b) Termination For Cause. The Company may, by providing written notice to Executive, terminate Executive's employment for Cause. The term "Cause" for purpose of this Agreement shall mean:

- (i) Executive's conviction of, or entrance of a plea of guilty or nolo contendere to, a felony under federal law or state law; or
- (ii) fraudulent conduct by Executive in connection with the business affairs of the Company; or
- (iii) theft, embezzlement, or other criminal misappropriation of funds by Executive (other than good faith expense account disputes or de minimis amounts); or
- (iv) Executive's willful refusal to materially perform his executive duties hereunder; or
- (v) Executive's willful misconduct, which has, or would have if generally known, a materially adverse effect on the business or reputation of the Company; or

(vi) The Executive's willful breach of any material employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's Code of Business Conduct and Ethics, harassment, creation of a hostile work environment, excessive

absenteeism, insubordination, violation of the Company's policy on drug and alcohol use, or violent acts or threats of violence; or

- (vii) Executive's material breach of a covenant, representation, warranty or obligation of Executive under this Agreement.

For purposes of this Section 6(b), an act or failure to act shall be considered "willful" only if done or omitted to be done without a good faith reasonable belief that such act or failure to act was in the best interests of the Company.

Any determination of Cause by the Company will be made by a resolution approved by a majority of the members of the Board, provided that no such determination may be made until Executive has been given written notice detailing the specific event constituting such Cause and a period of thirty (30) days following receipt of such notice to cure such event (if susceptible to cure), and, if such event is not curable or is not cured, an opportunity to appear before the Board (with legal counsel if so requested in writing by Executive) to discuss the specific circumstances alleged to give rise to the Cause event. Subject to Executive's right to cure and/or appear before the Board, if Executive's employment is terminated for Cause, the termination shall take effect on the effective date of such termination as specified in the written notice of such termination delivered to Executive.

In the event of the termination of Executive's employment hereunder by the Company for Cause, then Executive shall be entitled to receive payment of the Accrued Payments.

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If the Company attempts to terminate Executive's employment pursuant to this Section 6(b) and it is ultimately determined that the Company lacked Cause, the provisions of Section 6(c) or Section 6(d) (as applicable) shall apply and Executive shall be entitled to receive the payments set forth under Section 6(c) or Section 6(d) (as applicable).

(c) Termination without Cause or for Good Reason. The Company may terminate Executive's employment hereunder without Cause at any time, by providing Executive 30 days' prior written notice of such termination. Such notice shall specify the effective date of the termination of Executive's employment. The Executive may terminate his employment for Good Reason by providing 30 days' prior written notice to the Company. In the event of the termination of Executive's employment under this Section 6(c) without Cause or by the Executive for Good Reason, in each case prior to or more than 12 months following a Change-in-Control (as defined in the Company's Equity Plan), then Executive shall be entitled to:

- (i) payment of the Accrued Payments;
- (ii) a separation allowance, payable in equal installments in accordance with normal payroll practices over a 12 month period beginning immediately following the date of termination, equal to one (1) times the sum of (x) Executive's then Base Salary and (y) the Executive's then Target Bonus;
- (iii) any annual incentive bonuses earned but not yet paid for any completed full fiscal year immediately preceding the employment termination date;
- (iv) if employment termination occurs prior to the end of any fiscal year, a pro rata annual incentive bonus for such fiscal year in which employment termination occurs (based on actual business days in such fiscal year prior to such employment termination, divided by total the annual business days) determined and paid based on actual performance achieved for such fiscal year against the performance goals for that fiscal year;
- (v) the Company shall arrange for the Executive to continue to participate (through COBRA or otherwise), on substantially the same terms and conditions as in effect for the Executive (including any required contribution) immediately prior to such termination, in the medical, dental, disability and life insurance programs provided to the Executive pursuant to Section 5(a) hereof until the earlier of (i) the end of the 12 month period beginning on the effective date of the termination of Executive's employment hereunder, or (ii) such time as the Executive is eligible to be covered by comparable benefit(s) of a subsequent employer. The foregoing of this Section 6(c)(v) is referred to as "Benefits Continuation". The Executive agrees to notify the Company promptly if and when he begins employment with another employer and if and when he becomes eligible to participate in any benefit or other welfare plans, programs or arrangements of another employer;
- (vi) all of Executive's then-outstanding equity awards in any Equity Plan will vest in full.

For purposes of this Agreement, the term "Good Reason" means, without Executive's written consent:

- (vii) a reduction by the Company in Executive's Base Salary or Target Bonus as in effect from time to time; or

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(viii) the Board materially reduces (including as a result of any co-sharing of responsibilities arrangement), other than during any period of illness or incapacity, Executive's authority, responsibilities, or duties such that Executive no longer has the title of, or serves or functions as the General Counsel and Director of Regulatory and Governance of the Company (provided that it is understood that a Change-in-Control or going private event will not constitute Good Reason); or

(ix) the Company requiring Executive to be based at a location in excess of fifty (50) miles from the location of the Company's principal executive office as of the effective date of this Agreement, except for required travel on Company business; or

(x) the Company fails to obtain the written assumption of its obligations under this Agreement by a successor not later than the consummation of a merger, consolidation or sale of the Company; or

(xi) a material breach by the Company of its obligations under this Agreement, which, in each of subsections (i) through (vi) above, is not remedied by the Company within 30 days of receipt of written notice of such event or breach delivered by Executive to the Company; provided, that the Executive may only exercise his right to terminate this Agreement for Good Reason within the 120 day period immediately following the occurrence of any of the events described in subsections (i) through (vi) above.

(d) Termination of Employment without Cause or for Good Reason following a Change-in-Control. If the Company terminates Executive's employment without Cause upon 30 days' prior written notice or Executive terminates his employment for Good Reason by providing 30 days' prior written notice to the Company, in each case within 12 months following a Change-in-Control (as defined in the Company's Equity Plan), the Company will provide to Executive:

- (i) payment of the Accrued Payments;
- (ii) a lump sum separation allowance equal to two (2) times the sum of (x) Executive's then Base Salary and (y) Executive's then Target Bonus;
- (iii) any annual incentive bonuses earned but not yet paid for any completed full fiscal year immediately preceding the employment termination date;
- (iv) if employment termination occurs prior to the end of any fiscal year, a pro rata annual incentive bonus for such fiscal year in which

employment termination (based on actual business days in such fiscal year prior to employment termination, divided by the total annual business days) determined and paid based on actual performance achieved for such fiscal year against the performance goals for that fiscal year;

(v) Benefit Continuation until the earlier of 24 months after termination of employment or such time as Executive is eligible to be covered by comparable benefit(s) of a subsequent employer. The Executive agrees to notify the Company promptly if and when he begins employment with another employer and if and when he becomes eligible to participate in any benefit or other welfare plans, programs or arrangements of another employer;

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(vi) all of Executive's then-outstanding equity awards in any Equity Plan will vest in full.

(e) Voluntary Termination by the Executive without Good Reason. In the event Executive terminates his employment without Good Reason, he shall provide 90 days' prior written notice of such termination to the Company. Upon such voluntary termination, the Executive will be entitled to the Accrued Payments. Without limiting all other rights and remedies of the Company under this Agreement, a termination of employment by the Executive without Good Reason will not constitute a breach by the Executive of this Agreement.

(f) Resignation from all Boards. Upon any termination or cessation of Executive's employment with the Company, for any reason, Executive agrees immediately to resign, and any notice of termination or actual termination or cessation of employment shall act automatically to effect such resignation, from any position on the Board and on any board of directors of any subsidiary or affiliate of the Company.

(g) Release of Claims as Condition. The Company's obligation to pay the separation allowance and provide all other benefits and rights referred to in this Section 6 and in Section 4(d) above shall be conditioned upon the Executive having delivered to the Company an executed full and unconditional release (that is not subject to revocation) of claims against the Company, its parent entities, affiliates, employee benefit plans and fiduciaries, officers, employees, directors, agents and representatives satisfactory in form and content to the Company's counsel.

(h) No Mitigation. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by Executive as a result of subsequent employment.

7. INDEMNIFICATION.

(a) Provided that the Executive has not been terminated for "Cause" as defined herein, the Company shall indemnify, defend and hold the Executive harmless, to the maximum extent permitted by law, against all judgments, fines, amounts paid in settlement and all reasonable expenses, including attorneys' fees incurred by the Executive, in connection with the defense of, or as a result of, any action or proceeding (or any appeal from any action or proceeding) in which the Executive is made or is threatened to be made a party by reason of the fact that the Executive is or was an officer or director of the Company, regardless of whether such action or proceeding is one brought by or in the right of the Company. Each of the parties hereto shall give prompt notice to the other of any action or proceeding from which the Company is obligated to indemnify, defend and hold harmless the Executive of which it or he (as the case may be) gains knowledge.

(b) The Company agrees that the Executive shall be covered and insured up to the full limits provided by all directors' and officers' insurance which the Company then maintains to indemnify its directors and officers (and to indemnify the Company for any obligations which it incurs as a result of its undertaking to indemnify its officers and directors), subject to applicable deductibles and to the terms and conditions of such policies.

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8. ENFORCEABILITY.

It is the intention of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of each state and jurisdiction in which such enforcement is sought, but that the unenforceability (or the modification to conform with such laws or public policies) of any provisions hereof, shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible.

9. ASSIGNMENT.

This Agreement is personal in nature to the Company and the rights and obligations of the Executive under this Agreement shall not be assigned or transferred by the Executive. This Agreement and all of the provisions hereof shall be binding upon, and inure to the benefit of, the parties hereto and their successors (including successors by merger, consolidation, sale or similar transaction, permitted assigns, executors, administrators, personal representatives, heirs and distributees).

10. NON-DISCLOSURE; NON-SOLICITATION; COOPERATION.

(a) The Executive shall not, at any time during or following the period of employment, disclose, use, transfer or sell, except in the course of such employment, any confidential information or proprietary data of the Company or its affiliates so long as such information or data remains confidential and has not been disclosed or is not otherwise in the public domain, except as required by law or pursuant to legal process or in connection with an administrative proceeding before a governmental agency. The Company and the Executive agree that the Executive's obligations under this Section 10 (a) shall not apply if (1) any disclosure by the Executive is made with the express written permission of the Company or (2) if the Executive can show by legal evidence that it was lawfully received by the Executive from a third party who is not or was not bound, at the time the information was conveyed to Executive, by any confidential relationship or obligation to the Company.

(b) The Executive agrees that, for a period of twelve (12) months after the termination or cessation of the Executive's employment with the Company for any reason, the Executive will not:

(i) directly or indirectly solicit, attempt to hire, or hire any employee of the Company (or any person who may have been employed by the Company during the last year of the Executive's employment with the Company), or assist in such hiring by any other person or business entity or encourage, induce or attempt to induce any such employee to terminate his or her employment with the Company; or

(ii) take action intended to encourage any vendor or supplier of the Company to cease to do business with the Company or materially reduce the amount of business the vendor or supplier does with the Company; or

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(iii) materially disparage the Company.

(c) Executive agrees to cooperate with the Company, during the term of this Agreement and at any time thereafter (including following Executive's termination of employment for any reason), by making himself reasonably available to testify on behalf of the Company in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to assist the Company, in any such action, suit, or proceeding, by providing information and meeting and consulting with the Board or its representatives or counsel, or representatives or counsel to the Company, as requested; provided, however that it does not materially interfere with his then current professional activities. The Company agrees to reimburse Executive for all reasonable expenses actually incurred in connection with his provision of testimony or assistance.

11. NON-COMPETITION AGREEMENT.

The Executive agrees that throughout the term of his employment, and for a period of twelve (12) months after termination or cessation of employment for any reason, he will not engage in, participate in, carry on, own, or manage, directly or indirectly, either for herself or as a partner, stockholder, investor, officer, director, employee, agent, independent contractor, representative or consultant of any person, partnership, corporation or other enterprise, in any "Competitive Business" in any jurisdiction in which the Company actively conducts business. For purposes of this Section 11, "Competitive Business" means "Any and all Therapeutic Devices treating various skin disorders such as skin cancer, keloids and psoriasis."

The Executive's engaging in the following activities will not be deemed to be engaging or participating in a Competitive Business: (i) passive ownership of less than 2% of any class of securities of a company; and (ii) engaging or participating solely in a noncompetitive business of an entity which also separately operates a business which is a "Competitive Business".

The Executive acknowledges, with the advice of legal counsel, that he understands the foregoing provisions of this Section 11 and that these provisions are fair, reasonable, and necessary for the protection of the Company's business.

12. TAXES.

(a) All payments to be made to and on behalf of the Executive under this Agreement will be subject to required withholding of federal, employment and excise taxes, and to related reporting requirements.

(b) Limitation on Parachute Payments. In the event that the payment and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 12(b), would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's payments and benefits will be either:

- (i) delivered in full, or
- (ii) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code.

If a reduction in severance and other payments and benefits constituting "parachute payments" is necessary so that benefits are delivered to a lesser extent, reduction will occur in the following order: (i) reduction of cash payments; (ii) cancellation of awards granted "contingent on a change in ownership or control" (within the meaning of Code Section 280G), (iii) cancellation of accelerated vesting of equity awards, and (iv) reduction of employee benefits. Within any such category of payments and benefits (that is, (i), (ii), (iii) or (iv)), a reduction shall occur first with respect to amounts that are not Deferred Payments and then with respect to amounts that are. In the event that acceleration of vesting of equity award compensation is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant of Executive's equity awards.

Any determination required under this Section 12(b) will be made in writing by the Company's independent public accountants engaged by the Company for general audit purposes immediately prior to the Change in Control (the "Accountants"), whose good faith determination will be conclusive and binding upon Executive and the Company for all purposes. If the independent registered public accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, or if such firm otherwise cannot perform the calculations, the Company shall appoint a nationally recognized independent registered public accounting firm to make the determinations required hereunder. For purposes of making the calculations required by this Section 12(b), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive will furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this section.

(c) Section 409A. If any provision of this Agreement (or any award of compensation or benefits provided under this Agreement) would cause Executive to incur any additional tax or interest under Section 409A of the Code, the Company shall reform such provision to comply with Section 409A and agrees to maintain, to the maximum extent practicable without violating Section 409A of the Code, the original intent and economic benefit to Executive of the applicable provision. The Company shall not accelerate the payment of any deferred compensation in violation of Section 409A of the Code and, to the extent required under Section 409A, the Company shall delay the payment of any deferred compensation for six months following Executive's termination of employment. When used in connection with any payments subject to Section 409A required to be made hereunder, the phrase "termination of employment" and correlative terms shall mean separation from service as defined in Section 409A. Unless such payments are otherwise exempt from Section 409A, any reimbursements or in-kind benefits provided under this Agreement shall be administered in accordance with Section 409A, such that: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during one year shall not affect the expenses eligible for reimbursement or the in-kind benefits provided in any other year; (b) reimbursement of eligible expenses shall be made on or before December 31 of the year following the year in which the expense was incurred; (c) Executive's right to reimbursement or in-kind benefits shall not be subject to liquidation or to exchange for another benefit; and, (d) if the payment of any deferred compensation shall be payable at any time within a period that overlaps two calendar years, payment shall be made in the second of the two years. For purposes of Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments..

13. SURVIVAL.

Anything in Section 6 hereof to the contrary notwithstanding, the provisions of Section 7 through 15 shall survive the expiration or termination of this Agreement, regardless of the reasons therefor.

14. NO CONFLICT: REPRESENTATIONS AND WARRANTIES.

The Executive represents and warrants that (i) the information (written and oral) provided by the Executive to the Company in connection with obtaining employment with the Company or in connection with the Executive's former employments, work history, circumstances of leaving former employments, and educational background, is true and complete, (ii) he has the legal capacity to execute and perform this Agreement, (iii) this Agreement is a valid and binding

obligation of the Executive enforceable against him in accordance with its terms, (iv) the Executive's execution, delivery or performance of this Agreement will not conflict with or result in a breach of any agreement, understanding, order, judgment or other obligation to which the Executive is a party or by which he may be bound, written or oral, and (v) the Executive is not subject to or bound by any covenant against competition, non-disclosure or confidentiality obligation, or any other agreement, order, judgment or other obligation, written or oral, which would conflict with, restrict or limit the performance of the services to be provided by him hereunder. The Executive agrees not to use, or disclose to anyone within the Company, at any time during his employment hereunder, any trade secrets or any confidential information of any other employer or other third party. Executive has provided to the Company a true copy of any non-competition obligation or agreement to which he may be subject.

15. MISCELLANEOUS.

(a) Notices. All notices hereunder shall be given in writing, by personal delivery, nationally-recognized overnight courier (such as UPS or Federal Express), or prepaid registered or certified mail, return receipt requested, to the addresses of the proper parties as set forth below:

TO THE EXECUTIVE:

Joseph C. Sardano
Sensus Healthcare, Inc.
851 Broken Sound Parkway NW #215
Boca Raton, FL 33487

TO THE COMPANY:

Sensus Healthcare, Inc.
851 Broken Sound Parkway NW #215
Boca Raton, FL 33487
Attention: Chief Financial Officer

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Any notice given as set forth above will be deemed given on the business day sent when delivered by hand during normal business hours, on the business day after the business day sent if delivered by a nationally recognized overnight courier, or on the third business day after the business day sent if delivered by registered or certified mail, return receipt requested.

(b) Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida applicable to contracts made and to be wholly performed in that state without regard to its conflicts of laws provisions or principles.

(c) Jurisdiction. (i) In any suit, action or proceeding seeking to enforce any provision of this Agreement or for purposes of resolving any dispute arising out of or related to this Agreement, the Company and the Executive each hereby irrevocably consents to the exclusive jurisdiction of any federal court located in the State of Florida, Palm Beach County, or any of the state courts of the State of Florida located in Palm Beach County; (ii) the Company and the Executive each hereby waives, to the fullest extent permitted by applicable law, any objection which it or he may now or hereafter have to the laying of venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum; (iii) process in any such suit, action or proceeding may be served on either party anywhere in the world, whether within or without the jurisdiction of such court, and, without limiting the foregoing, each of the Company and the Executive irrevocably agrees that service of process on such party, in the same manner as provided for notices in Section 15(a) above, shall be deemed effective service of process on such party in any such suit; action or proceeding; (iv) WAIVER OF JURY TRIAL: EACH OF THE COMPANY AND THE EXECUTIVE HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT; and (v) Limitation on Damages: the parties agree that there will be no punitive damages payable as a result of or in connection with any claim, matter or breach under or related to this Agreement or the transactions contemplated by this Agreement, and each of the parties agrees not to request punitive damages. Notwithstanding the foregoing of this Section, each of the parties agrees that prior to commencing any claims for breach of this Agreement (except to pursue injunctive relief) to submit, for a period of sixty (60) days, to voluntary mediation before a jointly selected neutral third party mediator under the auspices of JAMS, Miami, Florida, Resolutions Center (or any successor location), pursuant to the procedures of JAMS Mediation Rules conducted in the State of Florida (however, such mediation or obligation to mediate shall not suspend or otherwise delay any termination or other action of the Company or affect the Company's other rights).

(d) Headings. The Section headings contained in this Agreement are for convenience of reference only and are not intended to determine, limit or describe the scope or intent of any provision of this Agreement.

(e) Number and Gender. Whenever in this Agreement the singular is used, it shall include the plural if the context so requires, and whenever the feminine gender is used in this Agreement, it shall be construed as if the masculine, feminine or neuter gender, respectively, has been used where the context so dictates, with the rest of the sentence being construed as if the grammatical and terminological changes thereby rendered necessary have been made.

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(f) Entire Agreement. This Agreement contains the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any prior or contemporaneous understandings and agreements, written or oral, between and among them respecting such subject matter.

(g) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but both of which taken together shall constitute one instrument.

(h) Amendments. This Agreement may not be amended except by a writing executed by each of the parties to this Agreement.

(i) No Waiver. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

MICHAEL J. SARDANO

SENSUS HEALTHCARE, INC.

/s/ Michael J. Sardano

By: /s/ Arthur Levine

Certification of CEO Pursuant to Securities Exchange Act
Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Joseph C. Sardano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sensus Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Joseph C. Sardano
Joseph C. Sardano
Chairman and Chief Executive Officer

Certification of CFO Pursuant to Securities Exchange Act
Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Arthur Levine, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sensus Healthcare, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles;

- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Joseph C. Sardano
Joseph C. Sardano
Chairman and Chief Executive Officer

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EX-32.1 5 s110006_ex32-1.htm EXHIBIT 32.1

Exhibit 32.1

Certification of CEO Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that:

- (1) this Quarterly Report for Sensus Healthcare, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) 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 as of and for the periods covered therein.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Joseph C. Sardano

Joseph C. Sardano

Chairman and Chief Executive Officer

May 8, 2018

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EX-32.2 6 s110006_ex32-2.htm EXHIBIT 32.2

Exhibit 32.2

Certification of CFO Pursuant to 18 U.S.C. Section 1350

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that:

- (1) this Quarterly Report for Sensus Healthcare, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2018, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) 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 as of and for the periods covered therein.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Arthur Levine

Arthur Levine

Chief Financial Officer

May 8, 2018

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