

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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2019

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)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	SRTS	Nasdaq Stock Market, LLC
Warrants to Purchase Common Stock	SRTSW	Nasdaq Stock Market, LLC

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

Indicate by check mark whether the registrant 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   
Emerging growth company

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

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

As of October 31, 2019, 16,497,030 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 our products;
- our ability to successfully commercialize our products;
- 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 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 payer 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 our products;
- 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;
- information technology risks including the risk from cyberattack;
- 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 a significant customer in the U.S.; 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.

## Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SENSUS HEALTHCARE, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	As of September 30, 2019 (unaudited)	As of December 31, 2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,905,547	\$ 12,484,256
Investment in debt securities	7,982,327	2,892,190
Accounts receivable, net	13,497,891	13,145,934
Inventories	2,257,365	1,628,817
Prepaid and other current assets	2,087,497	1,750,994
<b>Total Current Assets</b>	<b>32,730,627</b>	<b>31,902,191</b>
<b>Property and Equipment, Net</b>	<b>1,142,100</b>	<b>891,029</b>
<b>Patent Rights, Net</b>	<b>361,447</b>	<b>433,737</b>
<b>Deposits</b>	<b>100,957</b>	<b>24,272</b>
<b>Operating Lease Right-of-Use Assets, Net</b>	<b>1,482,304</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 35,817,435</b>	<b>\$ 33,251,229</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 4,889,793	\$ 5,166,239
Deferred revenue, current portion	1,168,521	722,025
Operating lease liabilities, current portion	312,815	-
Product warranties	163,455	136,217
<b>Total Current Liabilities</b>	<b>6,534,584</b>	<b>6,024,481</b>
<b>Operating Lease Liabilities</b>	<b>1,205,193</b>	<b>-</b>
<b>Deferred Revenue, Net of Current Portion</b>	<b>1,265,437</b>	<b>766,732</b>
<b>Total Liabilities</b>	<b>9,005,214</b>	<b>6,791,213</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' Equity</b>		
Preferred stock, 5,000,000 shares authorized and none issued and outstanding	-	-
Common stock, \$0.01 par value – 50,000,000 authorized; 16,551,728 issued and 16,497,030 outstanding at September 30, 2019; 16,145,915 issued and 16,112,461 outstanding at December 31, 2018	165,517	161,459
Additional paid-in capital	43,163,910	39,957,905
Treasury stock, 54,698 and 33,454 shares at cost, at September 30, 2019 and December 31, 2018, respectively	(252,570)	(133,816)
Accumulated deficit	(16,264,636)	(13,525,532)
<b>Total Stockholders' Equity</b>	<b>26,812,221</b>	<b>26,460,016</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 35,817,435</b>	<b>\$ 33,251,229</b>

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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenues</b>	\$ 5,840,945	\$ 6,333,996	\$ 18,753,839	\$ 18,346,193
<b>Cost of Sales</b>	1,997,111	2,165,345	6,654,835	6,296,653
<b>Gross Profit</b>	<b>3,843,834</b>	<b>4,168,651</b>	<b>12,099,004</b>	<b>12,049,540</b>
<b>Operating Expenses</b>				
Selling and marketing	2,124,146	1,971,539	6,649,754	6,146,759
General and administrative	957,184	907,746	2,933,985	3,163,621
Research and development	1,567,634	1,712,725	5,467,947	4,775,767
<b>Total Operating Expenses</b>	<b>4,648,964</b>	<b>4,592,010</b>	<b>15,051,686</b>	<b>14,086,147</b>
<b>Loss From Operations</b>	<b>(805,130)</b>	<b>(423,359)</b>	<b>(2,952,682)</b>	<b>(2,036,607)</b>
<b>Other Income (Expense)</b>				
Interest income	74,736	23,010	213,578	68,620
Interest expense	—	(57,759)	—	(156,685)
<b>Other Income (Expense), net</b>	<b>74,736</b>	<b>(34,749)</b>	<b>213,578</b>	<b>(88,065)</b>
<b>Net Loss</b>	<b>\$ (730,394)</b>	<b>\$ (458,108)</b>	<b>\$ (2,739,104)</b>	<b>\$ (2,124,672)</b>
<b>Net Loss per share – basic and diluted</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>	<b>\$ (0.17)</b>	<b>\$ (0.16)</b>
<b>Weighted average number of shares used in computing net loss per share – basic and diluted</b>				
	<b>16,397,863</b>	<b>13,781,506</b>	<b>16,296,272</b>	<b>13,498,760</b>

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 AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2019

	Common Stock		Additional	Treasury Stock		Accumulated	Total
	Shares	Amount	Paid-In Capital	Shares	Amount	Deficit	
<b>December 31, 2017</b>	<b>13,522,168</b>	<b>\$ 135,221</b>	<b>\$ 23,181,641</b>	<b>(33,454)</b>	<b>\$ (133,816)</b>	<b>\$ (11,502,771)</b>	<b>\$ 11,680,275</b>
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)
<b>March 31, 2018 (unaudited)</b>	<b>13,601,456</b>	<b>\$ 136,014</b>	<b>\$ 23,813,323</b>	<b>(33,454)</b>	<b>\$ (133,816)</b>	<b>\$ (12,628,684)</b>	<b>\$ 11,186,837</b>
Stock based compensation	—	—	142,416	—	—	—	142,416
Surrender of Shares for tax withholding on stock compensation	(19,305)	(193)	(122,026)	—	—	—	(122,219)
Net loss	—	—	—	—	—	(540,650)	(540,650)
<b>June 30, 2018 (unaudited)</b>	<b>13,582,151</b>	<b>\$ 135,821</b>	<b>\$ 23,833,713</b>	<b>(33,454)</b>	<b>\$ (133,816)</b>	<b>\$ (13,169,334)</b>	<b>\$ 10,666,384</b>
Issuance of common stock for cash, net of offering cost	2,536,764	25,368	15,822,291	—	—	—	15,847,659
Stock based compensation	—	—	139,470	—	—	—	139,470
Surrender of Shares for tax withholding on stock compensation	—	—	3,571	—	—	—	3,571
Net loss	—	—	—	—	—	(458,109)	(458,109)
<b>September 30, 2018 (unaudited)</b>	<b>16,118,915</b>	<b>\$ 161,189</b>	<b>\$ 39,799,045</b>	<b>(33,454)</b>	<b>\$ (133,816)</b>	<b>\$ (13,627,443)</b>	<b>\$ 26,198,975</b>
<b>December 31, 2018</b>	<b>16,145,915</b>	<b>\$ 161,459</b>	<b>\$ 39,957,905</b>	<b>(33,454)</b>	<b>\$ (133,816)</b>	<b>\$ (13,525,532)</b>	<b>\$ 26,460,016</b>
Stock based compensation	—	—	154,535	—	—	—	154,535
Exercise of warrants	400,281	4,002	2,697,895	—	—	—	2,701,897
Net loss	—	—	—	—	—	(2,121,018)	(2,121,018)
<b>March 31, 2019 (unaudited)</b>	<b>16,546,196</b>	<b>\$ 165,461</b>	<b>\$ 42,810,335</b>	<b>(33,454)</b>	<b>\$ (133,816)</b>	<b>\$ (15,646,550)</b>	<b>\$ 27,195,430</b>
Stock based compensation	—	—	158,145	—	—	—	158,145
Surrender of Shares for tax withholding on stock compensation	—	—	—	(21,244)	(118,754)	—	(118,754)
Exercise of warrants	5,532	56	37,285	—	—	—	37,341
Net income	—	—	—	—	—	112,308	112,308
<b>June 30, 2019 (unaudited)</b>	<b>16,551,728</b>	<b>\$ 165,517</b>	<b>\$ 43,005,765</b>	<b>(54,698)</b>	<b>\$ (252,570)</b>	<b>\$ (15,534,242)</b>	<b>\$ 27,384,470</b>
Stock based compensation	—	—	158,145	—	—	—	158,145
Net loss	—	—	—	—	—	(730,394)	(730,394)
<b>September 30, 2019 (unaudited)</b>	<b>16,551,728</b>	<b>\$ 165,517</b>	<b>\$ 43,163,910</b>	<b>(54,698)</b>	<b>\$ (252,570)</b>	<b>\$ (16,264,636)</b>	<b>\$ 26,812,221</b>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	For the Nine Months Ended September 30,	
	2019	2018
<b>Cash Flows From Operating Activities</b>		
Net loss	\$ (2,739,104)	\$ (2,124,672)
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities:		
Bad debt expense (recoveries)	(7,253)	(13,280)
Depreciation and amortization	415,126	427,426
Provision for product warranties	205,037	72,494
Stock based compensation	470,825	823,494
Decrease (increase) in:		
Accounts receivable	(344,703)	(5,687,126)
Inventories	(679,972)	(958,677)
Prepaid and other current assets	(180,678)	(782,664)
Increase (decrease) in:		
Accounts payable and accrued expenses	(473,252)	821,979
Deferred revenue	945,201	617,009
Product warranties	(177,799)	(107,300)
<b>Total Adjustments</b>	<b>172,532</b>	<b>(4,786,645)</b>
<b>Net Cash Used In Operating Activities</b>	<b>(2,566,572)</b>	<b>(6,911,317)</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property and equipment	(542,484)	(762,375)
Investment in debt securities - held to maturity	(8,390,137)	-
Investments matured	3,300,000	1,104,635
<b>Net Cash Provided By (Used) In Investing Activities</b>	<b>(5,632,621)</b>	<b>342,260</b>
<b>Cash Flows from Financing Activities</b>		
Offering of common stock	-	17,249,995
Offering cost	-	(1,402,336)
Revolving credit facility, net	-	(2,214,970)
Withholding taxes on stock compensation	(118,754)	(118,648)

Exercise of warrants	2,739,238	90,867
<b>Net Cash Provided By Financing Activities</b>	<b>2,620,484</b>	<b>13,604,908</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(5,578,709)</b>	<b>7,035,851</b>
<b>Cash and Cash Equivalents – Beginning</b>	<b>12,484,256</b>	<b>10,085,468</b>
<b>Cash and Cash Equivalents – Ending</b>	<b>\$ 6,905,547</b>	<b>\$ 17,121,319</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest Paid	\$ -	\$ 143,901
<b>Non-Cash Investing and Financing Activities</b>		
Transfer of inventory to property and equipment	\$ 51,423	\$ 158,016
Lease liabilities arising from obtaining right-of-use-assets	\$ 1,714,814	\$ -

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 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 subsidiary in Israel. The Company operates as one segment from 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, 2018 included in the Company’s Form 10-K, filed with the SEC. The results for the nine months ended September 30, 2019 are not necessarily indicative of results to be expected for the year ending December 31, 2019, 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 for all contracts as of the date of adoption. 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, which is generally upon shipment of the goods and performance of the service. 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.

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The Company’s revenue consists of sales of the Company’s devices and services related to maintaining and repairing 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.

Disaggregated revenue for the three and nine months ended September 30, 2019 and 2018 was as follows:

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
Product Revenue	\$ 5,301,892	\$ 5,961,245	\$ 17,202,342	\$ 17,001,025
Service Revenue	539,053	372,751	1,551,497	1,345,167
<b>Total Revenue</b>	<b>\$ 5,840,945</b>	<b>\$ 6,333,996</b>	<b>\$ 18,753,839</b>	<b>\$ 18,346,193</b>

The Company operates in a highly regulated environment in which state regulatory approval is sometimes required prior to the customer being able to use the product, primarily in the U.S. dermatology market. In these cases, where regulatory approval is pending, revenue is deferred until such time as regulatory approval is obtained.

Deferred revenue as of September 30, 2019 was as follows:

	Service	Product	Total Deferred Revenue
Balance, beginning of period	\$ 1,455,757	\$ 33,000	\$ 1,488,757
Revenue recognized	(1,227,846)	(33,000)	(1,260,846)
Amounts invoiced	2,206,047	—	2,206,047
<b>Balance, end of period</b>	<b>\$ 2,433,958</b>	<b>\$ —</b>	<b>\$ 2,433,958</b>

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The Company does not disclose information about remaining performance obligations of deposits for products that have original expected durations of one year or less. Estimated service revenue to be recognized in the future related to the performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2019 is as follows:

Year	Service Revenue
2019 (October 1 – December 31, 2019)	\$ 342,858
2020	1,039,470
2021	745,394
2022	246,736
2023	39,667
Thereafter	19,833
<b>Total</b>	<b>\$ 2,433,958</b>

The Company provides warranties in conjunction with the sale of its products. These warranties 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 93% for the three months ended September 30, 2019 and 2018, respectively, and approximately 91% and 95% for the nine months ended September 30, 2019 and 2018, respectively. A single customer in the U.S. accounted for approximately 83% and 78% of revenues for the three months ended September 30, 2019 and 2018, respectively, and approximately 70% and 74% for the nine months ended September 30, 2019 and 2018, respectively, and approximately 82% and 92% of the accounts receivable as of September 30, 2019 and December 31, 2018, 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 September 30, 2019 and December 31, 2018, the Company had approximately \$6,788,000 and \$11,726,000, 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.

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#### 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:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
<b>Short-Term:</b>				
Corporate bonds	\$ 2,892,190	\$ —	\$ 623	\$ 2,891,567
<b>Total Short Term:</b>	<b>2,892,190</b>	<b>—</b>	<b>623</b>	<b>2,891,567</b>
<b>Total Investments December 31, 2018</b>	<b>\$ 2,892,190</b>	<b>\$ —</b>	<b>\$ 623</b>	<b>\$ 2,891,567</b>
<b>Short-Term:</b>				
Corporate bonds	\$ 7,982,327	\$ 6,394	\$ —	\$ 7,988,721

<b>Total Short Term:</b>	7,982,327	6,394	—	7,988,721
<b>Total Investments September 30, 2019</b>	<u>\$ 7,982,327</u>	<u>\$ 6,394</u>	<u>\$ —</u>	<u>\$ 7,988,721</u>

#### ACCOUNTS RECEIVABLE

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 \$0 as of September 30, 2019 and December 31, 2018.

#### 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. The diluted net income per share is computed by giving effect to all potential dilutive common share equivalents outstanding for the period, using the treasury stock method for options and warrants, as well as unvested restricted shares. In periods when the Company has incurred a net loss, options, warrants and unvested 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 were excluded as follows:

	<u>For the Three Months Ended</u> <u>September 30,</u>		<u>For the Nine Months Ended</u> <u>September 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Shares	17,671	46,036	8,499	13,328
Warrants	—	165,003	—	—
Stock options	10,639	53,532	32,000	32,610

#### ADVERTISING COSTS

Advertising and promotion expenses are charged to expense as incurred. Advertising and promotion expense included in selling expense in the accompanying statements of operations amounted to approximately \$307,000 and \$195,000 for the three months ended September 30, 2019 and 2018, respectively, and \$1,035,000 and \$1,028,000 for the nine months ended September 30, 2019 and 2018, respectively.

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#### LEASES

The Company evaluates arrangements at inception to determine if an arrangement is or contains a lease. Operating lease assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease assets and liabilities are recognized at the commencement date of the lease based upon the present value of lease payments over the lease term. When determining the lease term, the Company includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. The Company uses an incremental borrowing rate that the Company would expect to incur for a fully collateralized loan over a similar term under similar economic conditions to determine the present value of the lease payments.

The lease payments used to determine the Company's operating lease assets may include lease incentives and stated rent increases and are recognized in the Company's operating lease assets in the Company's condensed consolidated balance sheets. Operating lease assets are amortized to rent expense over the lease term and included in operating expenses in the condensed consolidated statements of operations.

#### RECENTLY ISSUED AND ADOPTED ACCOUNTING STANDARDS

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 adopted this standard in the first quarter of 2019 using the modified retrospective approach. The adoption of this standard resulted in the recognition of operating lease right-of-use assets and associated lease liabilities on our balance sheet of approximately \$805,000 and \$805,000, respectively, as of January 1, 2019. Additional required disclosures have been included within Note 6 - Leases. Such adoption did not have a material impact on our liquidity, results of operations or our compliance with the revolving credit facility covenants.

#### NOTE 2 — PROPERTY AND EQUIPMENT

	<u>As of</u> <u>September 30,</u> <u>2019</u> <u>(unaudited)</u>	<u>As of</u> <u>December 31,</u> <u>2018</u>	<u>Estimated</u> <u>Useful Lives</u>
Operations equipment	\$ 1,293,076	\$ 852,273	3 years
Tradeshaw and demo equipment	905,623	784,244	3 years
Computer equipment	120,464	112,521	3 years
	<u>2,319,163</u>	<u>1,749,038</u>	
Less accumulated depreciation	<u>(1,177,063)</u>	<u>(858,009)</u>	
<b>Property and Equipment, Net</b>	<u>\$ 1,142,100</u>	<u>\$ 891,029</u>	

Depreciation expense was approximately \$110,000 and \$170,000, for the three months ended September 30, 2019 and 2018, respectively, and approximately \$343,000 and \$355,000, for the nine months ended September 30, 2019 and 2018, respectively.

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NOTE 3 — PATENT RIGHTS

	As of September 30, 2019 (unaudited)	As of December 31, 2018
Gross carrying amount	\$ 1,253,018	\$ 1,253,018
Less accumulated amortization	(891,571)	(819,281)
<b>Patent Rights, Net</b>	<b>\$ 361,447</b>	<b>\$ 433,737</b>

Amortization expense was approximately \$24,000 for the three months ended September 30, 2019 and 2018, and approximately \$72,000 for the nine months ended September 30, 2019 and 2018. As of September 30, 2019, future remaining amortization expense is as follows:

Year	
2019 (October 1 – December 31, 2019)	\$ 24,096
2020	96,386
2021	96,386
2022	96,386
2023	48,193
<b>Total</b>	<b>\$ 361,447</b>

NOTE 4 — REVOLVING CREDIT FACILITY

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 equals 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. On October 28, 2019, the Company signed an amendment to extend the maturity date of the credit facility term through January 29, 2020.

Interest, at Prime plus 0.75% (5.75% at September 30, 2019) and Prime plus 1.50% on non-formula borrowings (6.50% at September 30, 2019), 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 September 30, 2019 and December 31, 2018. There were no borrowings outstanding under the revolving credit facility at September 30, 2019 and December 31, 2018. 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 nine months ended September 30, 2019:

Balance, beginning of period	\$ 136,217
Warranties accrued during the period	205,037
Payments on warranty claims	(177,799)
<b>Balance, end of period</b>	<b>\$ 163,455</b>

NOTE 6 — LEASES

*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 entered into a two-year lease for office space starting in September 2018. The leases include an option to extend with prior notice and with terms to be negotiated. The Company currently does not have any lease with a term under 12 months.

On March 19, 2019, the Company's Israeli subsidiary signed a 10-year lease for a manufacturing facility, effective April 1, 2019, for approximately 5,800 square feet. The landlord has provided a four-month grace period rent free from April to July 2019, after which the 10 year lease will begin. The monthly rental payment starts at approximately \$5,300 and will be subject to periodic escalations at amounts specified in the lease plus the consumer price index. In addition, the Company is responsible for maintenance fees covering its portion of the expenses of common areas. After 2, 4, 6 and 8 years, and with 180 days prior notice, the Company has the right to terminate the lease at its sole discretion without penalty.

The following table presents information about the amount, timing and uncertainty of cash flows arising from the Company's operating leases as of September 30, 2019.

Maturity of Operating Lease Liabilities	Amount
2019 (October 1 – December 31, 2019)	\$ 91,378
2020	358,787
2021	348,122
2022	284,578
2023	104,343
Thereafter	600,574
Total undiscounted operating leases payments	\$ 1,787,782
Less: Imputed interest	(269,774)
<b>Present Value of Operating Lease Liabilities</b>	<b>\$ 1,518,008</b>

**Other Information**

Weighted-average remaining lease term	6.5 years
Weighted-average discount rate	5.0%

An initial ROU asset of approximately \$805,000 was recognized as a non-cash assets addition with the adoption of the new lease accounting standard. The ROU asset was reduced by approximately \$248,000 during the nine months ended September 30, 2019. Cash paid for amounts included in the present value of operating



lease liabilities was approximately \$219,000 for the nine months ended September 30, 2019 and is included in operating cash flows. Operating lease cost was approximately \$255,000 for the nine months ended September 30, 2019.

**NOTE 7 — COMMITMENTS AND CONTINGENCIES**

**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 SRT-100 (and subsequently the SRT-100 Vision and the SRT-100 Plus), in accordance with the Company’s product specifications. The agreement renews for successive one-year periods 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 upon 90 days written notice.

Purchases from this manufacturer totaled approximately \$1,521,000 and \$1,302,000 for the three months ended September 30, 2019 and 2018, respectively, and approximately \$5,250,000 and \$3,127,000 for the nine months ended September 30, 2019 and 2018, respectively. As of September 30, 2019, and December 31, 2018 approximately \$1,056,000 and \$1,041,000, 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.

In November 2015, the Company learned that the Department of Justice (the “Department”) had commenced an investigation of the billing to Medicare by a physician who had treated patients with the Company’s SRT-100. The Company received a Civil Investigative Demand from the Department seeking documents and written responses in connection with that investigation. The Company has fully cooperated with the investigation. The Department has advised the Company that it was considering expanding the investigation to determine whether the Company had any involvement in the physician’s use of certain reimbursement codes. The Company disputes that it has engaged in any wrongdoing with respect to such reimbursement claims; among other things, the Company does not submit claims for reimbursement or provide coding or billing advice to physicians. To the Company’s knowledge, the Department has made no determination as to whether the Company engaged in any wrongdoing, or whether to pursue any legal action against the Company. Should the Department decide to pursue legal action, the Company believes it has strong and meritorious defenses and will vigorously defend itself. At this time, the Company is unable to estimate the cost associated with this matter.

**NOTE 8 — 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 \$28,000 and \$24,000 for the three months ended September 30, 2019 and 2018, respectively, and approximately \$83,000 and \$72,000 for the nine months ended September 30, 2019 and 2018, respectively.

**NOTE 9 — STOCKHOLDERS’ EQUITY**

The Company has authorized 50,000,000 shares of common stock, of which 16,551,728 were issued and 16,497,030 outstanding at September 30, 2019; 16,145,915 shares were issued and 16,112,461 were outstanding as of December 31, 2018.

**WARRANTS**

In April 2013, the closing date of the Company’s second common offering, the Company’s placement agent received five year warrants to purchase 86,376 common shares of the Company at an exercise price of \$4.55 per unit, in each case adjusted to give effect to the Company’s corporate conversion in 2016, which was equal to 110% of the offering price. During the first quarter of 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 were exercisable through June 8, 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. On June 4, 2019, the Company entered into an amendment to the Warrant Agreement to extend the expiration date of the investor warrants from June 8, 2019 until June 8, 2020. During the first three quarters of 2019, warrants for 405,813 shares were exercised.

In addition, the underwriters’ 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. As of September 30, 2019, none of the unit warrants have been exercised.

The following table summarizes the Company’s warrant activity:

	Warrants		
	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)
<b>Outstanding – December 31, 2018</b>	2,438,000	\$ 6.75	0.55
Granted	—	—	—
Exercised	(405,813)	6.75	—
Expired	—	—	—
<b>Outstanding – September 30, 2019</b>	2,032,187	\$ 6.75	0.76
<b>Exercisable – September 30, 2019</b>	2,032,187	\$ 6.75	0.76

The intrinsic value of the common stock warrants was approximately \$0 and \$1,609,000 as of September 30, 2019, and December 31, 2018, respectively.

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 and on October 1, 2018, 30,000 shares of restricted stock were issued to employees and were recorded at the fair value of \$8.58 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 certain 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:

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

**Expected Volatility.** Expected volatility is a measure of the amount by which the Company's stock price is expected to fluctuate. Expected volatility is based on the historical daily volatility of the price of our common shares. The Company estimated the expected volatility of the stock options at grant date.

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**Risk-Free Interest Rate.** The risk-free interest rate is based on the implied yield on U.S. Treasury zero-coupon issues with remaining terms equivalent to the expected term of our stock-based awards.

**Expected Term or Life.** The expected term or life of stock options granted represents the expected weighted average period of time from the date of grant to the estimated date that the stock option would be fully exercised. The weighted average expected option term was determined using the "simplified method" for plain vanilla options as allowed by the accounting guidance. The "simplified method" calculates the expected term as the average of the vesting term and original contractual term of the options.

The stock options had an intrinsic value of approximately \$103,000 and \$427,000 as of September 30, 2019 and December 31, 2018, respectively.

The Company recognizes forfeitures as they occur rather than estimating a forfeiture rate. The reduction of stock compensation expense related to the forfeitures was approximately \$0 and \$39,000 for the nine months ended September 30, 2019 and 2018, respectively.

Unrecognized stock compensation expense was approximately \$917,000 as of September 30, 2019, which will be recognized over the remaining vesting period.

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

	Shares	Weighted Average Grant Date Fair Value
<b>Unvested balance at December 31, 2018</b>	165,834	\$ 5.84
Granted	—	—
Vested	(66,667)	5.24
Forfeited	—	—
<b>Unvested balance at September 30, 2019</b>	<u>99,167</u>	<u>\$ 6.24</u>

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

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)
<b>Outstanding – December 31, 2018</b>	<u>229,334</u>	<u>\$ 5.55</u>	<u>9.08</u>
Granted	—	—	—
Exercised	—	—	—
Expired	—	—	—
<b>Outstanding – September 30, 2019</b>	<u>229,334</u>	<u>\$ 5.55</u>	<u>8.33</u>
<b>Exercisable – September 30, 2019</b>	<u>57,334</u>	<u>\$ 5.55</u>	<u>8.33</u>

#### 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 September 30, 2019 and December 31, 2018, the Company had 54,698 and 33,454 treasury shares, respectively.

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#### NOTE 10 — INCOME TAXES

Book income before taxes was negative for the nine months ended September 30, 2019. Tax expense for the nine months ended September 30, 2019 and 2018 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 September 30, 2019, the Company has U.S. federal and certain state tax returns subject to examination, beginning with those filed for the year 2015.

#### NOTE 11 — 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. On October 28, 2019, the Company signed an amendment to extend the maturity date of the credit facility term through January 29, 2020.

## 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, 2018 ("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

We are a medical device company that is committed to providing highly effective, non-invasive and cost-effective treatments for both oncological and non-oncological skin conditions. We use a proprietary low-energy X-ray technology known as superficial radiation therapy ("SRT"), which is a result of over a decade of dedicated research and development. We have successfully incorporated SRT into our portfolio of treatment devices: the SRT-100<sup>TM</sup>, SRT-100+<sup>TM</sup> and SRT-100 Vision<sup>TM</sup>. In February 2019, we received FDA clearance of our Sculptura<sup>TM</sup>, a robotic radiation oncology system that provides targeted intraoperative triple-modulated radiotherapy and Brachytherapy utilizing our proprietary, state-of-the-art 3D Beam Sculpting<sup>TM</sup> to treat patients undergoing cancer treatment during surgery, or at the tumor site, with a single dose.

### 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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Revenues</b>	\$ 5,840,945	\$ 6,333,996	\$ 18,753,839	\$ 18,346,193
<b>Cost of Sales</b>	1,997,111	2,165,345	6,654,835	6,296,653
<b>Gross Profit</b>	<u>3,843,834</u>	<u>4,168,651</u>	<u>12,099,004</u>	<u>12,049,540</u>
<b>Operating Expenses</b>				
Selling and marketing	2,124,146	1,971,539	6,649,754	6,146,759
General and administrative	957,184	907,746	2,933,985	3,163,621
Research and development	1,567,634	1,712,725	5,467,947	4,775,767
<b>Total Operating Expenses</b>	<u>4,648,964</u>	<u>4,592,010</u>	<u>15,051,686</u>	<u>14,086,147</u>
<b>Income (Loss) From Operations</b>	<u>(805,130)</u>	<u>(423,359)</u>	<u>(2,952,682)</u>	<u>(2,036,607)</u>
<b>Other Income (Expense)</b>				
Interest income	74,736	23,010	213,578	68,620
Interest expense	—	(57,759)	—	(156,685)
<b>Other Income (Expense), net</b>	<u>74,736</u>	<u>(34,749)</u>	<u>213,578</u>	<u>(88,065)</u>
<b>Net Loss</b>	<u>\$ (730,394)</u>	<u>\$ (458,108)</u>	<u>\$ (2,739,104)</u>	<u>\$ (2,124,672)</u>

### Three months ended September 30, 2019 compared to the three months ended September 30, 2018

**Revenue.** Revenue was \$5,840,945 for the three months ended September 30, 2019 compared to \$6,333,996 for the three months ended September 30, 2018, a decrease of \$493,051, or 7.8%. The decrease in revenue was primarily attributable to fewer units sold in the current quarter.

**Cost of sales.** Cost of sales was \$1,997,111 for the three months ended September 30, 2019 compared to \$2,165,345 for the three months ended September 30, 2018, a decrease of \$168,234, or 7.8%. The decrease in cost of sales was due to a decrease in sales.

**Gross profit.** Gross profit was \$3,843,834 for the three months ended September 30, 2019 compared to \$4,168,651 for the three months ended September 30, 2018, a decrease of \$324,817, or 7.8%. Our overall gross profit percentage was 65.8% in the three months ended September 30, 2019 as well as the corresponding period in 2018.

**Selling and marketing.** Selling and marketing expense was \$2,124,146 for the three months ended September 30, 2019 compared to \$1,971,539 for the three months ended September 30, 2018, an increase of \$152,607, or 7.7%. The increase was primarily attributable to an increase in headcount and spending on marketing activities for Sculptura<sup>TM</sup>.

**General and administrative.** General and administrative expense was \$957,184 for the three months ended September 30, 2019 compared to \$907,746 for the three months ended September 30, 2018, an increase of \$49,438, or 5.4%. The net increase in general and administrative expense was primarily due to professional services, partially offset by other decreases.

**Research and development.** Research and development expense was \$1,567,634 for the three months ended September 30, 2019 compared to \$1,712,725 for the three months ended September 30, 2018, an decrease of \$145,091, or 8.5%. The decrease in research and development spending was primarily attributable to the Sculptura™ as production begins.

**Other income (expense).** We incur interest expense in connection with our secured credit facility with Silicon Valley Bank and interest income from our cash and investments. Interest expense decreased in 2019 with the decrease in borrowings on the line of credit. Interest income increased due to the increase of our investment in debt securities.

#### Nine months ended September 30, 2019 compared to the nine months ended September 30, 2018

**Revenue.** Revenue was \$18,753,839 for the nine months ended September 30, 2019 compared to \$18,346,193 for the nine months ended September 30, 2018, an increase of \$407,646, or 2.2%. The growth in revenue was primarily attributable to an increase in the average selling price of our products.

**Cost of sales.** Cost of sales was \$6,654,835 for the nine months ended September 30, 2019 compared to \$6,296,653 for the nine months ended September 30, 2018, an increase of \$358,182, or 5.7%. The increase in cost of sales was due to the increase in sales.

**Gross profit.** Gross profit was \$12,099,004 for the nine months ended September 30, 2019 compared to \$12,049,540 for the nine months ended September 30, 2018, an increase of \$49,464, or 0.4%. Our overall gross profit percentage was 64.5% in the nine months ended September 30, 2019 compared to 65.7% in the corresponding period in 2018. The decrease in gross margin percentage was primarily due to changes in the mix of products sold.

**Selling and marketing.** Selling and marketing expense was \$6,649,754 for the nine months ended September 30, 2019 compared to \$6,146,759 for the nine months ended September 30, 2018, an increase of \$502,995, or 8.2%. The increase was primarily attributable to the increase in headcount.

**General and administrative.** General and administrative expense was \$2,933,985 for the nine months ended September 30, 2019 compared to \$3,163,621 for the nine months ended September 30, 2018, a decrease of \$229,636, or 7.3%. The net decrease was due primarily to a non-recurring stock compensation expense of \$444,000 in the first quarter of 2018, partially offset by an increase in professional fees.

**Research and development.** Research and development expense was \$5,467,947 for the nine months ended September 30, 2019 compared to \$4,775,767 for the nine months ended September 30, 2018, an increase of \$692,180, or 14.5%. The increase in research and development spending was primarily attributable to the FDA clearance of Sculptura™ as well as our ramp to production.

**Other income (expense).** We incur interest expense in connection with our secured credit facility with Silicon Valley Bank and interest income from our cash and investments. Interest expense decreased in 2019 with the decrease in borrowings on the line of credit. Interest income increased due to an increase in investment in debt securities.

#### Financial Condition

Our cash, cash equivalent and investment balance decreased to \$14.9 million at September 30, 2019 from \$15.4 million at December 31, 2018, primarily due to cash used in operating activities of \$2.6 million offset by proceeds from exercised warrants for \$2.7 million during the nine months ended in September 30, 2019.

There were no borrowings under the revolving line of credit at September 30, 2019 or December 31, 2018.

## 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:

	For the Nine Months Ended September 30, (unaudited)	
	2019	2018
<b>Net Cash Provided by (Used In):</b>		
Operating Activities	\$ (2,566,572)	\$ (6,911,317)
Investing Activities	(5,632,621)	342,260
Financing Activities	2,620,484	13,604,908
<b>Total</b>	<b>\$ (5,578,709)</b>	<b>\$ 7,035,851</b>

### ***Cash flows from operating activities***

Net cash used in operating activities was \$2,566,572 for the nine months ended September 30, 2019, consisting of a net loss of \$2,739,104 partially offset by an increase in net operating assets of \$911,203 and by non-cash charges of \$1,083,734. The increase in net operating assets was primarily due to an increase in inventory, accounts receivables and prepaids and other current assets, offset by a decrease in accounts payables and accrued expenses and warranties net of an increase in deferred revenue. Non-cash charges consisted of stock compensation expense, depreciation and amortizations and warranty provision. Net cash used in operating activities was \$6,911,317 for the nine months ended September 30, 2018, primarily due to the operating loss and the increase in accounts receivable.

### ***Cash flows from investing activities***

Net cash used by investing activities was \$5,632,621 mostly due to net investments in debt securities held-to-maturity for \$5,090,137 during the nine months ended September 30, 2019. Net cash provided by investing activities was \$342,260 for the nine months ended September 30, 2018 due to the maturity of debt securities held-to-maturity of \$1,104,635, partially offset by \$762,375 for acquisition of property and equipment.

### ***Cash flows from financing activities***

Net cash provided by financing activities was \$2,620,484 during the nine months ended September 30, 2019 mostly from the exercise of 405,813 investor warrants. Net cash provided by financing activities was \$13,604,908 during the nine months ended September 30, 2018, mainly from the net proceeds of \$15,847,659 from offering of common stock offset by \$2,214,970 repayment of our revolving credit facility.

### ***Capital resources***

On November 6, 2017, we filed a universal shelf registration statement to offer up to \$20 million of our securities. In September 2018, we issued and sold 2,536,764 shares of our common stock in a follow-on public offering at a price of \$6.80 per share, for aggregate offering proceeds of \$17.25 million. We were previously limited in the amount of securities we were able to offer under a shelf registration statement pursuant to the SEC's "baby shelf" rules. These rules previously restricted our issuance of securities under a shelf registration statement to one-third of our public float within a 12-month period. Because our public float exceeded \$75 million within 60 days prior to the filing of our 2018 annual report on Form 10-K, we are not presently subject to this limitation with regard to our existing shelf registration statement. However, we must re-determine the applicability of the limitation at the time of filing another shelf registration statement and at the time of filing an annual report on Form 10-K (with respect to any shelf registration on file with the SEC at the time of filing). Depending on our public float in the future, we may again become subject to this limitation.

### ***Indebtedness***

Please see Note 4 to the financial statements.

### ***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, 2018.

### ***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.

### ***Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Not applicable.

### ***Item 4. CONTROLS AND PROCEDURES***

#### **Evaluation of Disclosure Control and Procedures**

As of September 30, 2019, 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 September 30, 2019, 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**

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. See Note 7, Commitments and 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, 2018, 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, 2018, 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

There were no unregistered sales of securities during the three months ended September 30, 2019.

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

None.

#### (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.

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### Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
101	<a href="#">Fourth Amendment to Second Amended and Restated Loan and Security Agreement, dated October 28, 2019.</a>
31.1	<a href="#">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.</a>
31.2	<a href="#">Certification of Arthur Levine, Chief Financial Officer of Sensus Healthcare, Inc., Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.</a>
32.1	<a href="#">Certification of Joseph C. Sardano, Chairman and Chief Executive Officer of Sensus Healthcare, Inc., Pursuant to 18 U.S.C. Section 1350.</a>
32.2	<a href="#">Certification of Arthur Levine, Chief Financial Officer of Sensus Healthcare, Inc., Pursuant to 18 U.S.C. Section 1350.</a>
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

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## 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: November 8, 2019

/s/ Joseph C. Sardano  
Joseph C. Sardano

Date: November 8, 2019

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

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EX-10.1 2 f10q0919ex10-1\_sensushealth.htm FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, DATED OCTOBER 31, 2019.

Exhibit 10.1

**FOURTH AMENDMENT  
TO  
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This Fourth Amendment to Second Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of October 28, 2019, by and between Silicon Valley Bank ("Bank") and Sensus Healthcare, Inc. (f/k/a Sensus Healthcare, LLC), a Delaware corporation ("Borrower"), whose address is 851 Broken Sound Parkway NW, Suite 215, Boca Raton, FL 33487.

**RECITALS**

- A.** Bank and Borrower have entered into that certain Second Amended and Restated Loan and Security Agreement dated as of September 21, 2016 (as the same has been and may from time to time be further amended, modified, supplemented or restated, the "Loan Agreement").
- B.** Bank has extended credit to Borrower for the purposes permitted in the Loan Agreement.
- C.** Borrower has requested that Bank amend the Loan Agreement to extend the maturity date and make certain other revisions to the Loan Agreement as more fully set forth herein.
- D.** Bank has agreed to so amend certain provisions of the Loan Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

**AGREEMENT**

**NOW, THEREFORE**, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

**1. Definitions.** Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

**2. Amendments to Loan Agreement.**

**2.1 Section 6.2 (Financial Statements, Reports, Certificates).** Section 6.2 is amended by deleting the word "and" from the end of clause (i), renumbering clause (j) to be clause (k), and adding a new clause (j) as follows:

(j) Beneficial Ownership Information. Prompt written notice of any changes to the beneficial ownership information set out in Exhibit E hereto or in any Perfection Certificate executed by Borrower and delivered to Bank after the Fourth Amendment Date. Borrower understands and acknowledges that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank's regulatory obligations to obtain, verify and record information about the beneficial owners of its legal entity customers; and

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**2.2 Section 6.6 (Access to Collateral; Books and Records).** Section 6.6 is amended by deleting the last sentence thereof and replacing it with the following:

In the event Borrower and Bank schedule an audit more than eight (8) days in advance, and Borrower cancels or seeks to or reschedules the audit with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of Two Thousand Dollars (\$2,000) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling.

**2.3 Section 6.13 (Online Banking).** Section 6.13(b) of the Loan Agreement is hereby amended in its entirety and replaced with the following:

(b) Comply with the terms of Bank's Online Banking Agreement as in effect from time to time and ensure that all persons utilizing Bank's online banking platform are duly authorized to do so by an Administrator. Bank shall be entitled to assume the authenticity, accuracy and completeness on any information, instruction or request for a Credit Extension submitted via Bank's online banking platform and to further assume that any submissions or requests made via Bank's online banking platform have been duly authorized by an Administrator.

**2.4 Section 7.1 (Dispositions).** The phrase "(including, without limitation, pursuant to a Division)" is hereby added immediately after the phrase "dispose of" in the first sentence of Section 7.1 of the Loan Agreement.

**2.5 Section 7.1 (Dispositions).** The phrase "in the ordinary course of its business for the payment of ordinary course business expenses" is deleted in its entirety from Section 7.1(e) of the Loan Agreement.

**2.6 Section 7.2 (Changes in Business, Management, Control or Business Locations).** The following sentence is hereby added to the end of Section 7.2 of the Loan Agreement:

If Borrower intends to add any new offices or business locations, including warehouses, containing in excess of Ten Thousand Dollars (\$10,000) of Borrower's assets or property, then Borrower will first receive the written consent of Bank and the landlord of any such new offices or business locations, including warehouses, shall execute and deliver a landlord consent in form and substance satisfactory to Bank.

**2.7 Section 7.3 (Mergers of Acquisitions).** The parenthetical in Section 7.3 of the Loan Agreement is amended in its entirety and replaced as follows: "(including, without limitation, by the formation of any Subsidiary or pursuant to a Division)".

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**2.8 Section 13 (Definitions).** The following terms and their respective definitions set forth in Section 13.1 are amended in their entirety and replaced with the following:

“**Administrator**” is an individual that is named:

- (a) as an “Administrator” in the “SVB Online Services” form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in Bank’s Online Banking Agreement as in effect from time to time) on behalf of Borrower; and
- (b) as an Authorized Signer of Borrower in an approval by the Board.

“**Revolving Line Maturity Date**” means January 29, 2020.

**2.9 Section 13 (Definitions).** The following terms and their respective definitions are added to Section 13.1, in appropriate alphabetical order, as follows:

“**Division**” means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.

“**Fourth Amendment Date**” is October 28, 2019.

**2.10 Exhibit E (Beneficial Ownership Information).** A new Exhibit E is added to the Loan Agreement in the form of Exhibit E attached hereto.

### **3. Limitation of Amendments.**

**3.1** The amendments set forth in Section 2, above, are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right or remedy which Bank may now have or may have in the future under or in connection with any Loan Document.

**3.2** This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents, except as herein amended, are hereby ratified and confirmed and shall remain in full force and effect.

**4. Representations and Warranties.** To induce Bank to enter into this Amendment, Borrower hereby represents and warrants to Bank as follows:

**4.1** Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Event of Default has occurred and is continuing;

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**4.2** Borrower has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

**4.3** The organizational documents of Borrower most recently delivered to Bank remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

**4.4** The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized;

**4.5** The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not and will not contravene (a) any law or regulation binding on or affecting Borrower, (b) any contractual restriction with a Person binding on Borrower, (c) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (d) the organizational documents of Borrower;

**4.6** The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made; and

**4.7** This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors’ rights.

**5. Ratification of Perfection Certificate.** Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated on or about September 14, 2016, and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in such Perfection Certificate have not changed, as of the date hereof.

**6. Integration.** This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

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**7. Counterparts.** This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

**8. Effectiveness.** This Amendment shall be deemed effective upon (a) the due execution and delivery to Bank of this Amendment by each party hereto, (b) Borrower’s payment of an amendment fee in an amount equal to Four Thousand One Hundred Twenty-Five Dollars (\$4,125), and (c) payment of Bank’s legal fees and expenses in connection with the negotiation and preparation of this Amendment.

**9. The undersigned officer/signatory of Borrower hereby certifies, to the best of his or her knowledge, that the information set out in Exhibit E hereto is true, complete and correct.**

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

**BANK**

Silicon Valley Bank

By: /s/ Michael McMahon

Title: Vice President

**BORROWER**

Sensus Healthcare, Inc.

By: /s/ Joseph Sardano

Title: Chief Executive Officer

[Signature Page to Fourth Amendment to  
Second Amended and Restated Loan and Security Agreement]

**EXHIBIT E****BENEFICIAL OWNERSHIP INFORMATION**

1. Is Borrower any of the following:

- (i) a public company or an issuer of securities that are registered with the Securities and Exchange Commission under Section 12 of the Securities Exchange Act of 1934 or that is required to file reports under Section 15(d) of that Act;
- (ii) an investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940;
- (iii) an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940; or
- (iv) a pooled investment vehicle operated or advised by a regulated financial institution (including an SEC-registered investment adviser)?

Yes  No

*If yes, stop. If no, continue to 2:*

2. Is Borrower a pooled investment vehicle that is **not** operated or advised by a regulated financial institution?

Yes  No

*If yes, skip to 4 below. If no, continue to 3:*

3. Does any **individual**, *directly or indirectly* (for example, if applicable, through such individual's equity interests in Borrower's parent entity), through any contract, arrangement, understanding, relationship or otherwise, **own 25% or more** of the equity interests of Borrower:

Yes  No

If yes, complete the following information:

	Name	Date of birth	Residential address	For US Persons, Social Security Number: (non-US persons should provide SSN if available)	For Non-US Persons: Type of ID, ID number, country of issuance, expiration date	Percentage of ownership  (if indirect ownership, explain structure)
1						
2						
3						
4						

4. Identify one individual with significant responsibility for managing Borrower, i.e., an executive officer or senior manager (e.g., Chief Executive Officer, President, Vice President, Chief Financial Officer, Treasurer, Chief Operating Officer, Managing Member or General Partner) or any other individual who regularly performs similar functions.

	Name	Date of birth	Residential address	For US Persons, Social Security Number: (non-US persons should provide SSN if available)	For Non-US Persons: Type of ID, ID number, country of issuance, expiration date
1					

**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: November 8, 2019

/s/ Joseph C. Sardano  

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Joseph C. Sardano  
Chairman and Chief Executive Officer

EX-31.2.4 f10q0919ex31-2\_sensushealth.htm CERTIFICATION

**Exhibit 31.2**

**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: November 8, 2019

/s/ Arthur Levine  

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EX-32.1 5 f10q0919ex32-1\_sensushealth.htm CERTIFICATION

**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 September 30, 2019, 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

November 8, 2019

EX-32.2 6 f10q0919ex32-2\_sensushealth.htm CERTIFICATION

**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 September 30, 2019, 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

November 8, 2019