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

FORM 10-Q

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

For the quarterly period ended March 31, 2022

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	**27-1647271**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
851 Broken Sound Pkwy., NW #215, Boca Raton, Florida	**33487**
(Address of principal executive offices)	(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

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

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

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

Large accelerated filer ☐	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 April 21, 2022, 16,677,548 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 report includes statements that are, or may be deemed, "forward-looking statements." In some cases, these statements can be identified by the use of forward-looking terminology such as "believes," "estimates," "anticipates," "expects," "plans," "intends," "may," "could," "might," "will," "should," "approximately," "potential" or negative or other variations of those terms or comparable terminology, although not all forward-looking statements contain these words.

Forward-looking statements involve risks and uncertainties because they relate to events, developments, and circumstances relating to Sensus Healthcare, Inc., our industry, and/or general economic or other conditions that may or may not occur in the future or may occur on longer or shorter timelines or to a greater or lesser degree than anticipated. Although we believe that we have a reasonable basis for each forward-looking statement contained in this report, forward-looking statements are not guarantees of future performance, and our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate, may differ materially from the forward looking statements contained in this press release as a result of the following factors, among others: the continuation and severity of the COVID-19 pandemic, including its impact on sales and marketing; our ability to maintain profitability; our ability to obtain and maintain the intellectual property needed to adequately protect our products, and our ability to avoid infringing or otherwise violating the intellectual property rights of third parties; the level and availability of government and/or third party payor reimbursement for clinical procedures using our products, and the willingness of healthcare providers to purchase our products if the level of reimbursement declines; the regulatory requirements applicable to us and our competitors; our ability to efficiently manage our manufacturing processes and costs; the risks arising from our international operations; legislation, regulation, or other governmental action, that affects our products, taxes, international trade regulation, or other aspects of our business; concentration of our customers in the U.S. and China, including the concentration of sales to one particular customer in the U.S.; the performance of the Company's information technology systems and its ability to maintain data security; and other risks described from time to time in our filings with the Securities and Exchange Commission.

At the present time, we do not expect that the Russian invasion of Ukraine will have any significant impact on our business, but we continue to monitor developments and will address them in future disclosures, if applicable.

In addition, even if future events, developments, and circumstances are consistent with the forward-looking statements contained in this report, they may not be predictive of results or developments in future periods. Any forward-looking statements that we make in this report speak only as of the date of such statement, and we undertake no obligation to update such statements to reflect events or circumstances after the date of this report, except as may be required by applicable law.

PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SENSUS HEALTHCARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except shares and per share data)	As of March 31, 2022 (unaudited)	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 32,830	$ 14,519
Accounts receivable, net	10,540	12,130
Inventories	2,326	1,759
Prepaid and other current assets	2,766	2,837
Total current assets	48,462	31,245
Property and equipment, net	426	605
Intangibles, net	122	146
Deposits	37	75
Deferred tax asset	3,744	-
Operating lease right-of-use assets, net	1,138	169
Total assets	$ 53,929	$ 32,240
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued expenses	$ 4,418	$ 4,058
Income tax payable	4,392	-
Deferred revenue, current portion	939	1,172
Operating lease liabilities, current portion	185	174
Loan payable	-	51
Product warranties	328	508
Total current liabilities	10,262	5,963
Operating lease liabilities	973	-

Deferred revenue, net of current portion	236	262
Total liabilities	11,471	6,225
Commitments and contingencies		
Stockholders' equity		
Preferred stock, 5,000,000 shares authorized and none issued and outstanding	-	-
Common stock, $0.01 par value – 50,000,000 authorized; 16,756,811 issued and 16,677,548 outstanding at March 31, 2022; 16,694,311 issued and 16,617,274 outstanding at December 31, 2021	168	167
Additional paid-in capital	44,518	44,115
Treasury stock, 79,263 and 77,037 shares at cost, at March 31, 2022 and December 31, 2021, respectively	(348)	(325)
Accumulated deficit	(1,880)	(17,942)
Total stockholders' equity	42,458	26,015
Total liabilities and stockholders' equity	$ 53,929	$ 32,240

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	For the Three Months Ended March 31,	
(in thousands, except shares and per share data)	**2022**	**2021**
Revenues	$ 10,338	$ 3,070
Cost of sales	3,189	1,484
Gross profit	7,149	1,586
Operating expenses		
Selling and marketing	1,218	1,068
General and administrative	1,273	972
Research and development	728	661
Total operating expenses	3,219	2,701
Income (loss) from operations	3,930	(1,115)
Other income (expense)		
Gain on asset sale	12,779	-
Interest income	1	-
Other income (expense), net	12,780	-
Income (loss) before income tax	16,710	(1,115)
Provision for income tax	648	-
Net income (loss)	$ 16,062	$ (1,115)
Net income (loss) per share – basic	$ 0.97	$ (0.07)
diluted	$ 0.97	$ (0.07)
Weighted-average number of shares used in computing net income (loss) per share – basic and diluted	16,497,801	16,461,311
diluted	16,641,654	16,461,311

See accompanying notes to the unaudited condensed consolidated financial statements.

SENSUS HEALTHCARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-In	Treasury Stock		Accumulated	
(in thousands, except shares)	Shares	Amount	Capital	Shares	Amount	Deficit	Total
December 31, 2020	**16,564,311**	**$ 166**	**$ 43,701**	**(73,208)**	**$ (310)**	**$ (22,061)**	**$ 21,496**
Stock based compensation	-	-	60	-	-	-	60
Surrender of Shares for tax withholding on stock compensation	-	-	-	(1,484)	(6)	-	(6)
Net loss	-	-	-	-	-	(1,115)	(1,115)
March 31, 2021 (unaudited)	**16,564,311**	**$ 166**	**$ 43,761**	**(74,692)**	**$ (316)**	**$ (23,176)**	**$ 20,435**
December 31, 2021	**16,694,311**	**$ 167**	**$ 44,115**	**(77,037)**	**$ (325)**	**$ (17,942)**	**$ 26,015**
Stock based compensation	-	-	57	-	-	-	57
Exercise of stock options	62,500	1	346	-	-	-	347
Surrender of Shares for tax withholding on stock compensation	-	-	-	(2,226)	(23)	-	(23)
Net income	-	-	-	-	-	16,062	16,062
March 31, 2022 (unaudited)	**16,756,811**	**$ 168**	**$ 44,518**	**(79,263)**	**$ (348)**	**$ (1,880)**	**$ 42,458**

See accompanying notes to the unaudited condensed consolidated financial statements.

SENSUS HEALTHCARE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)	For the Three Months Ended March 31, 2022	2021
Cash flows from operating activities		
Net income (loss)	$ 16,062	$ (1,115)
Adjustments to reconcile net income (loss) to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation and amortization	92	208
Provision for product warranties	(25)	26
Stock-based compensation	57	60
Gain on sale of asset	(12,779)	-
Deferred income taxes	(3,744)	-
Changes in operating assets (decrease (increase)):		
Accounts receivable	1,590	(280)
Inventories	(1,969)	196
Prepaid and other current assets	186	230
Changes in operating liabilities (increase (decrease)):		
Accounts payable and accrued expenses	(366)	(121)
Income tax payable	4,392	-
Deferred revenue	(259)	(291)
Product warranties	(155)	(28)
Total adjustments	(12,980)	-
Net cash provided by (used in) operating activities	3,082	(1,115)
Cash flows from investing activities		
Acquisition of property and equipment	(44)	(80)
Proceeds from sale of asset	15,000	-
Net cash provided by (used in) investing activities	14,596	(80)
Cash flows from financing activities		
Withholding taxes on stock-based compensation	(23)	(6)
Loan payable	(51)	(54)
Exercise of warrants	347	-
Net cash provided by (used in) financing activities	273	(60)
Net increase (decrease) in cash and cash equivalents	18,311	(1,255)
Cash and cash equivalents – beginning of period	14,519	14,907
Cash and cash equivalents – end of period	$ 32,830	$ 13,652
Supplemental disclosure of cash flow information:		
Interest paid	-	-
Income taxes paid	-	-
Supplemental schedule of noncash investing and financing transactions:		
Operating lease right-of-use asset and lease liability increase from lease modification	$ 1,045	$ -
Transfer of property and equipment to inventory	-	$ 66

See accompanying notes to the unaudited condensed consolidated financial statements.

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. (together, with its subsidiary, unless the context otherwise indicates, “Sensus” or the “Company”) is a manufacturer of radiation therapy devices and sells the devices to healthcare providers globally through its distribution and marketing network. The Company operates in one segment from its corporate headquarters located in Boca Raton, Florida.

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and include the accounts of the Company and its subsidiary. Accounts and transactions between consolidated entities have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Company’s revenue derives from 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, although 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 has 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. The service level provided is identical whether the service contract is purchased on a stand-alone basis 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.

Revenue is recognized upon transfer of control of promised goods or services to customers in an amount to which the Company expects to be entitled in exchange for those goods or services. The Company enters into contracts that can include multiple services, which are accounted for separately if they are determined to be distinct.

Disaggregated revenue for the three months ended March 31, 2022 and 2021 was as follows:

(in thousands)	For the Three Months Ended March 31, 2022	2021
Product Revenue	$ 9,228	$ 1,674
Service Revenue	1,110	1,396
Total Revenue	$ 10,338	$ 3,070

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

Deferred revenue as of March 31, 2022 was as follows:

(in thousands)	Product	Service	Total
Balance, beginning of period	$ 97	$ 1,337	$ 1,434
Revenue recognized	-	(789)	(789)
Amounts invoiced	28	502	530
Balance, end of period	$ 125	$ 1,050	$ 1,175

The Company does not disclose information about remaining performance obligations with original expected durations of one year or less in connection with deposits for products. Estimated service revenue to be recognized in the future related to the performance obligations that are fully or partially unsatisfied as of March 31, 2022 is as follows:

(in thousands)

Year	Service Revenue
2022 (April 1 – December 31, 2022)	$ 814
2023	112
2024	81
2025	23
2026	20
Total	$ 1,050

The Company provides warranties, generally for one year, 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 relevant warranty. The Company records an estimate of future warranty claims at the time it recognizes revenue from the sale of the device 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 following table illustrates total revenue for the three months ended March 31, 2022 and 2021 by geographic region.

(in thousands)	For the Three Months Ended March 31, 2022		2021	
United States	$ 10,147	98%	$ 2,915	95%
China	179	2%	155	5%
Israel	12	0%	-	0%
Total Revenue	$ 10,338	100%	$ 3,070	100%

One customer in the U.S. accounted for approximately 81% and 7% of revenue for the three months ended March 31, 2022 and 2021, respectively, and 93% and 57% of the accounts receivable as of March 31, 2022 and December 31, 2021, respectively.

Fair Value of Financial Instruments

Carrying amounts of cash equivalents, accounts receivable and accounts payable approximate fair value due to their relative short maturities.

Fair Value Measurements

The Company uses a fair value hierarchy that prioritizes inputs to valuation approaches used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 Inputs:

Quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date.

- Level 1 assets may include listed mutual funds, ETFs and listed equities

Level 2 Inputs:

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; quotes from pricing services or brokers for which the Company can determine that orderly transactions took place at the quoted price or that the inputs used to arrive at the price are observable; and inputs other than quoted prices that are observable, such as models or other valuation methodologies.

- Level 2 assets may include debt securities and foreign currency exchange contracts that have inputs to the valuations that generally can be corroborated by observable market data.

  Level 3 Inputs:

  Unobservable inputs for the valuation of the asset or liability, which may include nonbinding broker quotes. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation.

Significance of Inputs: The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of cash, money market funds, and short-term, highly liquid investments with original maturities of three months or less.

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

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, primarily due to the financial condition of each customer. The Company monitors exposure to credit losses and maintains allowances for anticipated losses considered necessary under the circumstances. The allowance for doubtful accounts was approximately $69 thousand as of both March 31, 2022 and December 31, 2021.

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 net income (loss) by the weighted average number of common shares outstanding for the period. 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 excluded were as follows:

	For the Three Months Ended March 31,	
	2022	**2021**
Shares	—	301

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 the options. To determine the present value of the lease payment, 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.

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.

Note 2 — Disposition

On February 25, 2022, the Company sold its Sculptura assets for $15 million in cash.

The sale price was allocated to the existing assets and liabilities based on the book value at the date of the transaction. A summary of the assets and liabilities sold is as follows:

		Book Value
Cash	$	15,000
Inventory		(1,401)
Property and equipment		(157)
Other liabilities		(663)
Gain on asset sale	$	12,779

Note 3 — Property and Equipment

(in thousands)		As of March 31, 2022		As of December 31, 2021	Estimated Useful Lives
		(unaudited)			
Operations equipment	$	1,313	$	1,760	3 years

Tradeshow and demo equipment	960	927	3 years
Computer equipment	140	129	3 years
	2,413	2,816	
Less accumulated depreciation	(1,987)	(2,211)	
Property and Equipment, Net	$ 426	$ 605	

Depreciation expense was approximately $68 thousand and $177 thousand, for the three months ended March 31, 2022 and 2021, respectively.

Note 4 — Intangibles

(in thousands)	Patent Rights	Customer Relationships	Total
December 31, 2021	$ 145	$ 1	$ 146
Amortization expense	(24)	-	(24)
March 31, 2022	$ 121	1	122

Note 5 — Debt

The Company has a revolving credit facility that, through March 2022, provides for maximum borrowings equal to the lesser of (a) the $10 million commitment amount or (b) the borrowing base plus a $3 million non-formula sublimit. In April 2022, the term was extended to April 1, 2024, and the maximum borrowings were increased to the lesser of (a) the $15 million commitment amount or (b) the borrowing base plus a $7.5 million non-formula sublimit. The Company was in compliance with its financial covenants as of March 31, 2022 and December 31, 2021. There were no borrowings outstanding under the revolving credit facility at March 31, 2022 or December 31, 2021.

Note 6 — Product Warranties

Changes in product warranty liability were as follows for the three months ended March 31, 2022:

(in thousands)	
Balance, December 31, 2021	$ 508
Warranties accrued during the period	(25)
Payments on warranty claims	(155)
Balance, March 31, 2022	$ 328

Note 7 — Leases

Operating Lease Agreements

The Company leases its headquarters office from an unrelated third party. The lease was last renewed in 2016 and expires in September 2022 with an option to extend with prior notice upon terms to be negotiated. On April 7, 2022, the Company renewed the headquarters office lease through September 2027.

The following table presents information about the amount, timing and uncertainty of cash flows arising from the Company's operating leases as of March 31, 2022.

(in thousands)

Maturity of Operating Lease Liabilities	**Amount**
2022 (April 1 – December 31, 2022)	$ 179
2023	236
2024	238
2025	245
2026	253
Thereafter	194
Total undiscounted operating leases payments	$ 1,345
Less: Imputed interest	(187)
Present Value of Operating Lease Liabilities	$ 1,158

Other Information	
Weighted-average remaining lease term	5.4 years
Weighted-average discount rate	5.0%

For the three months ended March 31, 2022, the right of use asset was increased by approximately $1 million related to the renewal of the headquarters office lease.

Cash paid for amounts included in the present value of operating lease liabilities was approximately $66 thousand and $331 thousand for the three months ended March 31, 2022 and the year ended December 31, 2021, respectively, and is included in cash flows from operating activities in the accompanying consolidated statement of cash flows. Operating lease cost was approximately $63 thousand and $335 thousand for the three months ended March 31, 2022 and the year ended December 31, 2021, respectively.

Note 8 — Commitments and Contingencies

Manufacturing Agreement

In 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 the agreement, that it will not renew the agreement. The Company or the manufacturer may also terminate the agreement upon 90 days' prior written notice.

Purchases from this manufacturer totaled approximately $3.3 million and $312 thousand for the three months ended March 31, 2022 and 2021, respectively. As of March 31, 2022 and December 31, 2021, approximately $450 thousand and $1.2 million, respectively, was due to this manufacturer, which is presented in accounts payable and accrued expenses in the accompanying condensed consolidated 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 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 Department subsequently advised the Company that it was considering expanding the investigation to determine whether the Company had any involvements in physician’s use of certain reimbursements codes. The Company has received two Civil Investigative Demands from the Department seeking documents and written responses in connection with its investigation. The Company has fully cooperated with the Department. 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 9 — STOCK-BASED COMPENSATION

2016 and 2017 Equity Incentive Plans

Awards for up to 397,473 shares of common stock may be granted under the Company’s 2016 Equity Incentive Plan, and awards for up to 500,000 shares may be granted under its 2017 Equity Incentive Plan. The awards may be made in the form of restricted stock awards and stock options, among other things. 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 July 21, 2021, a total of 130,000 shares of restricted stock were issued to employees and board members and were recorded at the fair value of $3.84 per share. The restricted shares vest 25% at grant date and 25% per year over a three-year vesting period and are being recognized as expense on a straight-line basis over the vesting period of the awards.

Restricted stock activity for the three months ended March 31, 2022 is summarized below:

Outstanding at	**Restricted Stock**	**Weighted-Average Grant Date Fair Value**
December 31, 2021	123,750	$ 3.90
Granted	-	-
Vested	(8,750)	4.11
Forfeited	-	-
March 31, 2022	115,000	$ 3.88

The Company recognizes forfeitures as they occur rather than estimating a forfeiture rate. The reduction of stock compensation expense related to the forfeitures was $0 for the three months ended March 31, 2022 and 2021.

Unrecognized stock compensation expense was approximately $347 thousand as of March 31, 2022, which will be recognized over a weighted average period of 2 years. The stock compensation expense was approximately $60 thousand and $57 thousand, for the three months ended March 31, 2022 and 2021, respectively.

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

Outstanding at	**Number of Options**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (In Years)**
December 31, 2021	229,334	$ 5.55	6.07
Granted	—	—	—
Exercised	(62,500)	5.55	—
Expired	—	—	—
March 31, 2022	166,834	$ 5.55	5.82
Exercisable – March 31, 2022	166,834	$ 5.55	5.82

The stock options had an intrinsic value of $762 thousand and $382 thousand as of March 31, 2022 and December 31, 2021, respectively.

Note 10 — Income Taxes

Income tax expense was $648 thousand and $0 for the three months ended March 31, 2022 and 2021, respectively. The effective tax rate was 3.88% and 0% for the first quarter 2022 and 2021, respectively. The increase in the effective tax rate is a result of the Company’s operations coupled with the release of the valuation allowance during the first quarter 2022.

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

As of March 31, 2022, the Company has U.S. federal and certain state tax returns subject to examination, beginning with those filed for the year ended December 31, 2018.

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. Other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

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

You should read the following discussion and analysis in conjunction with the information set forth within the financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and with our Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Annual Report").

Overview

Sensus is a medical device company committed to providing highly effective, non-invasive, and cost-effective treatments for both oncological and non-oncological skin conditions.

On February 25, 2022, the Company sold its Sculptura assets for $15 million in cash. Additional information regarding this transaction can be found in Note 2 and in the Company's Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 3, 2022.

Impact of COVID-19

The outbreak of COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has materially and adversely impacted the U.S. and global economies, as well as the Company, and its employees and operations, as well as customer demand. Although we have been able to continue to operate and service customers throughout the pandemic, it significantly impacted the Company's sales throughout 2020, as social distancing forced physicians to temporarily close their practices. In 2021 and in the first quarter of 2022, as the markets started to open, the Company was able to increase sales significantly. However, the ongoing COVID-19 pandemic, including the possible emergence of new variants, could further impact the Company's operations and the operations of the Company's customers, suppliers and vendors as a result of ongoing quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments. The Company cannot reasonably estimate the impact at this time.

Segment Information

The Company manages its business globally within one reportable segment, which is consistent with how our management reviews the business, prioritizes investment and resource allocation decisions, and assesses operating performance.

Results of Operations

	For the Three Months Ended March 31,	
(in thousands, except shares and per share data)	**2022**	**2021**
Revenues	$ 10,338	$ 3,070
Cost of sales	3,189	1,484
Gross profit	7,149	1,586
Operating expenses		
Selling and marketing	1,218	1,068
General and administrative	1,273	972
Research and development	728	661
Total operating expenses	3,219	2,701
Income (loss) from operations	3,930	(1,115)
Other income (expense)		
Gain on asset sale	12,779	-
Interest income	1	-
Other income (expense), net	12,780	-
Income (loss) before income tax	16,710	(1,115)
Provision for income tax	648	-
Net income (loss)	$ 16,062	$ (1,115)

Three months ended March 31, 2022 compared to the three months ended March 31, 2021

Revenues. Revenues were $10.3 million for the three months ended March 31, 2022 compared to $3.0 million for the three months ended March 31, 2021, an increase of 236.7% or $7.3 million. The increase was primarily driven by the higher number of units sold in 2022, service revenue on installed units and the impact of COVID-19 in the first three months of 2021.

Cost of sales. Cost of sales was $3.2 million for the three months ended March 31, 2022 compared to $1.5 million for the three months ended March 31, 2021, an increase of $1.7 million, or 114.9%. The increase in cost of sales was commensurate with the increase in sales in the three months ended March 31, 2022.

Gross profit. Gross profit was $7.1 million for the three months ended March 31, 2022 compared to $1.6 million for the three months ended March 31, 2021, an increase of $5.6 million, or 350.8%. Our overall gross profit percentage was 69.1% in the three months ended March 31, 2022 compared to 51.6% in the corresponding period in 2021. The increase in gross profit was primarily driven by the higher number of units sold in 2022, service revenue on installed units, and the impact of COVID-19 in the first three months of 2021.

Selling and marketing. Selling and marketing expense was $1.2 million for the three months ended March 31, 2022 compared to $1.1 million for the three months ended March 31, 2021, an increase of $0.1 million, or 14.0%. The increase was primarily attributable to an increase in tradeshow expense and commissions.

General and administrative. General and administrative expense was $1.3 million for the three months ended March 31, 2022 compared to $1.0 million for the three months ended March 31, 2021, an increase of $0.3 million, or 40.0%. The net increase in general and administrative expense was primarily due to professional fees related to the sale of the Sculptura asset and compensation expense.

Research and development. Research and development expense was $0.7 million for the three months ended March 31, 2022 and 2021, respectively.

Other income. Other income of $12.8 million is related to the gain on the sale of the Sculptura assets.

Financial Condition

The following discussion summarizes significant changes in assets and liabilities. Please see the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021 contained in Part I, Item 1 of this filing.

Assets

Cash and cash equivalents at March 31, 2022 increased $18.3 million. See *Cash Flows* for details on the change in cash and cash equivalents during the three months ended March 31, 2022.

Accounts receivable at March 31, 2022 decreased $1.6 million from December 31, 2021, primarily due to collection of receivables offset by an increase in sales of units in the three months ended March 31, 2022.

Inventories at March 31, 2022 increased $566 thousand from December 31, 2021, primarily due to increase in purchases of finished goods offset by shipments of units sold in the three months ended March 31, 2022.

Liabilities

There were no borrowings under our revolving line of credit at March 31, 2022 or December 31, 2021.

Liquidity and Capital Resources

The Company's liquidity position and capital requirements may be impacted by a number of factors, including the following:

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

The Company's primary short-term capital needs, which are subject to change, include expenditures related to:

- expansion of sales and marketing activities; and
- expansion of research and development activities.

Sensus management regularly evaluates cash requirements for current operations, commitments, capital requirements and business development transactions. Given our ability to borrow under our revolving credit facility and other factors, management anticipates that the Company will be able to satisfy its cash requirements for these purposes; however, it may seek to raise additional funds for these or other purposes in the future.

Cash flows

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

(in thousands)	For the Three Months Ended March 31, (unaudited) 2022	2021
Net cash provided by (used in):		
Operating activities	$ 3,082	$ (1,115)
Investing activities	14,956	(80)
Financing activities	273	(60)
Total	$ 18,311	$ (1,255)

Net cash provided by operating activities was $3.0 million for the three months ended March 31, 2022, consisting of a net income of $16.1 million, an increase in net operating assets of $0.4 million and non-cash charges of $12.7 million. Cash flows provided by operating activities primarily include the receipt of revenues offset by the payment of operating expenses incurred in the normal course of business. Net cash used in operating activities was $1.1 million for the three months ended March 31, 2021, consisting of a net loss of $1.1 million and a decrease in net operating assets of $0.3 million, partially offset by non-cash charges of $0.3 million. The increase in net operating assets was primarily due to an increase in inventories, prepaid and other current assets and accounts payable and accrued expenses, partially offset by a decrease in accounts receivable, warranties and deferred revenue. Non-cash charges consisted of a gain on asset sale (See Note 2, *Dispositions*, for more information), stock compensation expense, depreciation and amortization, and a warranty provision.

Net cash provided by investing activities for the three months ended March 31, 2020 reflected $15 million of proceeds from the sale of Sculptura assets, partially offset by purchases of property and equipment. Net cash used in investing activities for the three months ended March 31, 2021 reflected $0.1 million of purchases of property and equipment.

Net cash provided in financing activities for the three months ended March 31, 2022 primarily reflected $0.4 million of exercised stock options offset by the repayment of our PPP loan and withholding taxes on stock compensation. Net cash used in financing activities for the three months ended March 31, 2021 primarily reflected $0.1 million of loan repayments and withholding taxes on stock compensation.

Indebtedness

Please see Note 5, *Debt*, to the financial statements.

Contractual Obligations and Commitments

Please see Note 8, *Commitments and Contingencies*, to the financial statements.

Critical Accounting Policies and Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP 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 condensed consolidated financial statements and the reported amounts of revenue and expense during the reporting periods. Actual results could differ significantly from those estimates. For a summary of these and additional accounting policies see Note 1, *Organization and Summary of Significant Accounting Policies,* to the financial statements. In addition, see *Critical Accounting* Policies in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1, *Organization and Summary of Significant Accounting Policies*, in the 2021 Annual Report for further information.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Control and Procedures

As of March 31, 2022, 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 Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that, as of March 31, 2022, 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 8, *Commitments and Contingencies*.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in our 2021 Annual Report, as updated in our subsequent quarterly reports. The risks described in our 2021 Annual Report and our subsequent quarterly reports are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results.

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 March 31, 2022.

(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.

Item 6. Exhibits

Exhibit No.	Description
10.1	Seventh Amendment to Second Amendment and Restated Loan and Security Agreement, dated April 27, 2022.
31.1	Certification of Joseph C. Sardano, Chairman and Chief Executive Officer of Sensus Healthcare, Inc., Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.

31.2	Certification of Javier Rampolla, Chief Financial Officer of Sensus Healthcare, Inc., Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Joseph C. Sardano, Chairman and Chief Executive Officer of Sensus Healthcare, Inc., Pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Javier Rampolla, Chief Financial Officer of Sensus Healthcare, Inc., Pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

	SENSUS HEALTHCARE, INC.
Date: May 12, 2022	/s/ Joseph C. Sardano Joseph C. Sardano Chief Executive Officer (Principal Executive Officer)
Date: May 12, 2022	/s/ Javier Rampolla Javier Rampolla Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

EX-10.1 2 f10q0322ex10-1_sensushealth.htm SEVENTH AMENDMENT TO SECOND AMENDMENT AND RESTATED LOAN AND SECURITY AGREEMENT, DATED APRIL 27, 2022

Exhibit 10.1

SEVENTH AMENDMENT
TO
SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This Seventh Amendment to Second Amended and Restated Loan and Security Agreement (this "Amendment") is entered into as of April 27, 2022, 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 (i) increase the amount of the Revolving Line, (ii) extend the maturity date, and (iii) 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 2.4 (**Fees**). Section 2.4(e) is amended in its entirety and replaced with the following:

(e) Revolving Line Facility Fee. A non-refundable facility fee of One Hundred Twenty-Five Thousand Dollars ($125,000), fully earned as of the Seventh Amendment Date, and payable as follows: (i) Sixty Two Thousand Five Hundred Thousand Dollars ($62,500), shall be due and payable on the Seventh Amendment Date, and (ii) Sixty Two Thousand Five Hundred Thousand Dollars ($62,500), shall be due and payable on the first anniversary of the Seventh Amendment Date (or any earlier termination of the Revolving Line);

2.1 Section 6.9 (**Financial Covenants**). Section 6.9(a) is amended in its entirety and replaced with the following:

(a) Adjusted Quick Ratio. An Adjusted Quick Ratio of at least 1.50 to 1.00.

2.2 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:

"**Non-Formula Amount**" is an amount equal to (a) at all times that Borrower maintains an Adjusted Quick Ratio, tested monthly, of at least 1.75 to 1.00, Seven Million Five Hundred Thousand Dollars ($7,500,000), and (b) at all times that Borrower maintains an Adjusted Quick Ratio, tested monthly, of less than 1.75 to 1.00, Zero Dollars ($0).

"**Revolving Line**" is an aggregate principal amount equal to Fifteen Million Dollars ($15,000,000).

"**Revolving Line Maturity Date**" means the date that is two (2) years from the Seventh Amendment Date.

"**Streamline Period**" is any Subject Month for which Borrower maintained an Adjusted Quick Ratio of not less than 1.75 to 1.00 at all times during the applicable Testing Month.

2.3 Section 13 (**Definitions**). The following term and its definition are added to Section 13.1, in appropriate alphabetical order, as follows:

"**Seventh Amendment Date**" is April 27, 2022.

2.4 Exhibit B (**Compliance Certificate**). Exhibit B to the Loan Agreement is amended in its entirety and replaced with Exhibit B 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;

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. 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.

6. 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.

7. Electronic Execution of Documents. Each party hereto may execute this Amendment by electronic means and recognizes and accepts the use of electronic signatures and records by any other party hereto in connection with the execution and storage hereof.

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 the facility fee in an amount equal to Sixty Two Thousand Five Hundred Thousand Dollars ($62,500) pursuant to Section 2.4(e)(i) of the Loan Agreement (as amended hereby), and (c) payment of Bank's legal fees and expenses in connection with the negotiation and preparation of this Amendment.

[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	**BORROWER**
Silicon Valley Bank	Sensus Healthcare, Inc.
By: /s/ Marina Mendes	By: /s/ Javier Rampolla
Name: Marina Mendes	Name: Javier Rampolla
Title: Senior Associate	Title: Chief Financial Officer

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

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK Date:______________
FROM: SENSUS HEALTHCARE, INC.

The undersigned authorized officer of SENSUS HEALTHCARE, INC. ("Borrower") certifies that under the terms and conditions of the Second Amended and Restated Loan and Security Agreement between Borrower and Bank (the "Agreement"), (1) Borrower is in complete compliance for the period ending _____________with all required covenants except as noted below, (2) there are no Events of Default, (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement, and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank. Attached are the required documents supporting the certification. The undersigned certifies that these are prepared in accordance with GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned acknowledges that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	**Required**	**Complies**
Monthly financial statements with Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited) + CC	FYE within 150 days	Yes No
10-Q, 10-K and 8-K	Monthly within 30 days	Yes No
Borrowing Base Report	Monthly within 30 days	Yes No
A/R & A/P Agings, Deferred Revenue report	Monthly within 30 days	Yes No
Annual Financial Projections	FYE within 30 days and as updated	Yes No

Financial Covenant	**Required**	**Actual**	**Complies**
Maintain on a Monthly Basis:			
Minimum Adjusted Quick Ratio	1.50:1.00	____:1.00	Yes No

Lockbox; Streamline Period; Non-Formula Availability		**Applies**
AQR ≥ 2.00:1.00*	No Lockbox Required; Streamline Period; Non-Formula = $7,500,000	Yes No
2.00:1.00 > AQR ≥ 1.75:1.00*	Lockbox Required; Streamline Period; Non-Formula = $7,500,000	Yes No
AQR < 1.75:1.00	Lockbox Required; Non-Streamline Period; Non-Formula = $0	Yes No

* At all times during the applicable Testing Month

The following financial covenant analysis and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

Sensus Healthcare, Inc.	**BANK USE ONLY**
	Received by: ____________ AUTHORIZED SIGNER
By: ____________	
Name: ____________	Date: ____________
Title: ____________	
	Verified: ____________ AUTHORIZED SIGNER

Date: ____________________

Compliance Status: Yes No

Schedule 1 to Compliance Certificate

Financial Covenants of Borrower

In the event of a conflict between this Schedule and the Loan Agreement, the terms of the Loan Agreement shall govern.

Dated: ____________

I. **Adjusted Quick Ratio**

Required: 1.50:1.00 (For financial covenants)
2.00:1.00 (For Lockbox to not be required)
1.75:1.00 (For Streamline Period eligibility (at all times during the applicable Testing Month) and Non-Formula availability)

Actual:

A.	Aggregate value of the unrestricted cash and Cash Equivalents of Borrower maintained with Bank	$_______
B.	Aggregate value of the net billed accounts receivable of Borrower	$_______
C.	Quick Assets (the sum of lines A and B)	$_______
D.	Aggregate value of Obligations to Bank	$_______
E.	Aggregate value of liabilities that should, under GAAP, be classified as liabilities on Borrower's consolidated balance sheet, including all Indebtedness and the current portion of Subordinated Debt, and not otherwise reflected in line D above that matures within one (1) year	$_______
F.	Current Liabilities (the sum of lines D and E)	$_______
G.	Aggregate value of all amounts received or invoiced by Borrower in advance of performance under contracts and not yet recognized as revenue	$_______
H.	Line F minus line G	$_______
I.	Adjusted Quick Ratio (line C divided by line H)	___:1.00

Is line I equal to or greater than 1.50:1.00?

_____ No: Not in compliance _____ Yes: In Compliance

Has line I been equal to or greater than 2.00:1.00 at all times during the term of this Agreement?

_____ No: Lockbox is required _____ Yes: Lockbox is not required

Was line I equal to or greater than 1.75:1.00 at all times during the applicable Testing Month?

_____ No: Non-Streamline Period; Non-Formula = $0 _____ Yes: Streamline Period; Non-Formula = $7,500,000

EX-31.1 3 f10q0322ex31-1_sensushealth.htm CERTIFICATION

Exhibit 31.1

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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

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

EX-31.2 4 f10q0322ex31-2_sensushealth.htm CERTIFICATION

Exhibit 31.2

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, Javier Rampolla, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

/s/ Javier Rampolla
Javier Rampolla
Chief Financial Officer

EX-32.1 5 f10q0322ex32-1_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 certificates that:

(1) the Quarterly Report for Sensus Healthcare, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered therein.

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

/s/ Joseph C. Sardano
Joseph C. Sardano

Chairman and Chief Executive Officer

May 12, 2022

EX-32.2 6 f10q0322ex32-2_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 certificates that:

(1) the Quarterly Report for Sensus Healthcare, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, 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/ Javier Rampolla

Javier Rampolla
Chief Financial Officer

May 12, 2022