

PRESSURE BIOSCIENCES INC  
Form 10-Q  
August 14, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2017

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 000-21615

**PRESSURE BIOSCIENCES, INC.**

(Exact name of registrant as specified in its charter)

**Massachusetts**

(State or other jurisdiction of  
incorporation or organization)

**04-2652826**

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

**14 Norfolk Avenue**

**South Easton, Massachusetts**

(Address of principal executive offices)

**02375**

(Zip Code)

**(508) 230-1828**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

Large accelerated  
filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller  
reporting company)

Smaller reporting  
company

Emerging growth  
company

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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 Exchange Act Rule 12b-2 of the Exchange Act.

[ ] Yes [X] No

The number of shares outstanding of the Issuer's common stock as of August 11, 2017 was 1,101,884.

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****PRESSURE BIOSCIENCES, INC. AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS****(UNAUDITED)**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$201,333	\$138,363
Accounts receivable, net of \$28,169 reserve at June 30, 2017 and December 31, 2016	564,048	281,320
Inventories, net of \$20,000 reserve at June 30, 2017 and December 31, 2016	1,131,488	905,284
Prepaid income taxes	7,405	7,405
Prepaid expenses and other current assets	175,910	258,103
Total current assets	2,080,184	1,590,475
Investment in available-for-sale equity securities	25,986	25,865
Property and equipment, net	21,314	9,413
<b>TOTAL ASSETS</b>	<b>\$2,127,484</b>	<b>\$1,625,753</b>
<b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$746,087	\$407,249
Accrued employee compensation	337,480	249,596
Accrued professional fees and other	1,354,615	956,884
Deferred revenue	180,397	159,654
Revolving note payable, net of unamortized debt discounts of \$909,017 and \$637,030, respectively	2,090,983	612,970
Related party convertible debt, net of debt discount of \$99,065 and \$0, respectively	192,069	-
Convertible debt, net of unamortized debt discounts of \$1,037,619 and \$2,235,839, respectively	5,633,751	4,005,702
Other debt, net of unamortized discounts of \$111,771 and \$380, respectively	1,769,376	238,157
Warrant derivative liability	1,950,681	1,685,108
Conversion option liability	907,386	951,059
Total current liabilities	15,162,825	9,266,379
<b>LONG TERM LIABILITIES</b>		
Related party convertible debt, net of debt discount of \$0 and \$165,611, respectively	-	125,523
Convertible debt, net of debt discount of \$0 and \$740,628, respectively	-	529,742

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Deferred revenue	71,499	87,527
<b>TOTAL LIABILITIES</b>	<b>15,234,324</b>	<b>10,009,171</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 5)</b>		
<b>STOCKHOLDERS' DEFICIT</b>		
Series D Convertible Preferred Stock, \$.01 par value; 850 shares authorized; 300 shares issued and outstanding on June 30, 2017 and December 31, 2016, respectively (Liquidation value of \$300,000)	3	3
Series G Convertible Preferred Stock, \$.01 par value; 240,000 shares authorized; 86,570 shares issued and outstanding on June 30, 2017 and December 31, 2016, respectively	866	866
Series H Convertible Preferred Stock, \$.01 par value; 10,000 shares authorized; 10,000 shares issued and outstanding on June 30, 2017 and December 31, 2016, respectively	100	100
Series H2 Convertible Preferred Stock, \$.01 par value; 21 shares authorized; 21 shares issued and outstanding on June 30, 2017 and December 31, 2016, respectively	-	-
Series J Convertible Preferred Stock, \$.01 par value; 6,250 shares authorized; 3,521 shares issued and outstanding on June 30, 2017 and December 31, 2016, respectively	35	35
Series K Convertible Preferred Stock, \$.01 par value; 15,000 shares authorized; 6,816 shares issued and outstanding on June 30, 2017 and December 31, 2016, respectively	68	68
Common stock, \$.01 par value; 100,000,000 shares authorized; 1,101,884 and 1,033,328 shares issued and outstanding on June 30, 2017 and December 31, 2016, respectively	11,019	10,333
Warrants to acquire common stock	7,082,460	6,325,102
Additional paid-in capital	28,234,884	27,544,265
Accumulated other comprehensive income	6,190	-
Accumulated deficit	(48,442,465)	(42,264,190)
Total stockholders' deficit	(13,106,840)	(8,383,418 )
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$2,127,484</b>	<b>\$1,625,753</b>

The accompanying notes are an integral part of these unaudited consolidated financial statements

**PRESSURE BIOSCIENCES, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30, 2017</b>	<b>2016</b>	<b>June 30, 2017</b>	<b>2016</b>
Revenue:				
Products, services, other	\$480,400	\$474,187	\$1,006,398	\$928,538
Grant revenue	59,972	36,776	85,331	92,904
Total revenue	540,372	510,963	1,091,729	1,021,442
Costs and expenses:				
Cost of products and services	287,299	243,105	523,296	464,804
Research and development	241,783	321,428	505,239	656,698
Selling and marketing	300,111	193,885	513,120	385,121
General and administrative	915,470	813,242	1,753,468	1,621,460
Total operating costs and expenses	1,744,663	1,571,660	3,295,123	3,128,083
Operating loss	(1,204,291)	(1,060,697)	(2,203,394)	(2,106,641)
Other (expense) income:				
Interest expense, net	(1,983,112)	(1,010,236)	(3,509,744)	(1,845,380)
Other expense	(80)	-	(1,039)	(912)
Impairment loss on investment	-	-	(6,069)	-
Incentive warrants for warrant exercises	(186,802)	-	(186,802)	-
Change in fair value of derivative liabilities	2,790,525	3,032,762	(271,227)	(1,035,628)
Total other income (expense)	620,531	2,022,526	(3,974,881)	(2,881,920)
Net (loss) income	(583,760)	961,829	(6,178,275)	(4,988,561)
Net (loss) income per share attributable to common stockholders - basic	\$(0.54)	\$1.11	\$(5.83)	\$(6.11)
Net (loss) income per share attributable to common stockholders - diluted	\$(0.54)	\$(0.03)	\$(5.83)	\$(6.11)
Weighted average common stock shares outstanding used in the basic net (loss) income per share calculation	1,077,529	865,128	1,059,250	816,035
Weighted average common stock shares outstanding used in the diluted net (loss) income per share calculation	1,077,529	2,358,754	1,059,250	816,035

The accompanying notes are an integral part of these unaudited consolidated financial statements



**PRESSURE BIOSCIENCES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**(UNAUDITED)**

	<b>For the Three Months Ended June 30,</b>		<b>For the Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Comprehensive Income (Loss)				
Net income (loss)	\$(583,760)	\$961,829	\$(6,178,275)	\$(4,988,561)
Other comprehensive loss				
Unrealized income (loss) on marketable securities	6,190	(73,041 )	6,190	(212,739 )
Comprehensive income (loss)	\$(577,570)	\$888,788	\$(6,172,085)	\$(5,201,300)

The accompanying notes are an integral part of these unaudited consolidated financial statements

**PRESSURE BIOSCIENCES, INC. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

	For the Six Months Ended June 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$(6,178,275)	\$(4,988,561)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock issued for debt extension	10,000	-
Depreciation and amortization	4,716	12,325
Accretion of interest and amortization of debt discount	2,922,265	1,831,289
Issuance of incentive warrants	186,802	-
Gain on forgiveness of debt	(50,000 )	-
Gain on settlement of debt	-	(5,044 )
Stock-based compensation expense	179,511	192,311
Amortization of third party fees paid in common stock and warrants	-	312,200
Warrants issued for service	15,558	-
Shares issued for service	15,000	-
Impairment loss on investment	6,069	-
Change in fair value of derivative liabilities	271,227	1,035,628
Changes in operating assets and liabilities:		
Accounts receivable	(282,728 )	(397,852 )
Inventories	(226,204 )	35,989
Prepaid expenses and other assets	82,193	68,966
Accounts payable	338,838	(51,526 )
Accrued employee compensation	310,615	20,771
Deferred revenue and other accrued expenses	4,715	65,448
Net cash used in operating activities	(2,389,698)	(1,868,056)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property plant and equipment	(16,617 )	(245 )
Net cash used in investing activities	(16,617 )	(245 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from related party convertible debt	-	96,667
Net proceeds from revolving note payable	1,660,000	-
Net proceeds from warrant exercises	140,215	-
Net proceeds from convertible debt	-	1,417,382
Payments on convertible debt	(840,541 )	-
Net proceeds from non-convertible debt	1,987,752	623,311
Payments on non-convertible debt	(478,141 )	(314,210 )
Net cash provided by financing activities	2,469,285	1,823,150

