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Lightwave Logic, Inc.

Form 10-Q

November 14, 2016

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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 September 30, 2016

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 0-52567

Lightwave Logic, Inc.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of

82-049-7368

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

Incorporation or Organization)

80501

(Zip Code)

(Address of principal executive offices)

(

(Registrant's telephone number, including area code)

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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 Website, 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 Smaller reporting company

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

The number of shares of the registrant’s Common Stock outstanding as of November 14, 2016 was 67,561,240.

TABLE OF CONTENTS

		Page
Part I	Financial Information	
	Item 1	Financial Statements 1
	Item 2	Management's Discussion and Analysis of Financial Condition 16 and Results of Operations
	Item 4	Controls and Procedures 25
Part II	Other Information	
	Item 2	Unregistered Sales of Equity Securities and Use of Proceeds 26
	Item 6	Exhibits 26
		Signatures 27

Forward-Looking Statements

This report on Form 10-Q contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "continuing," "ongoing," "strategy," "future," "likely," "may," "should," "could," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding expected operating results, such as anticipated revenue; anticipated levels of capital expenditures for our current fiscal year; our belief that we have sufficient liquidity to fund our business operations during the next 12 months; strategy for gaining customers, growth, product development, market position, financial results and reserves.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: lack of available funding; general economic and business conditions; competition from third parties; intellectual property rights of third parties; regulatory constraints; changes in technology and methods of marketing; delays in completing various engineering and manufacturing programs; changes in customer order patterns; changes in product mix; success in technological advances and delivering technological innovations; shortages in components; production delays due to performance quality issues with outsourced components; those events and factors described by us in Item 1.A "Risk Factors" in our most recent Annual Report on Form 10-K; other risks to which our Company is subject; other factors beyond the Company's control.

PART I – FINANCIAL INFORMATION

Item 1 Financial Statements

LIGHTWAVE LOGIC, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

(UNAUDITED)

	Page
Balance Sheets	2
Statements of Operations	3
Statement of Stockholders' Equity	4
Statements of Cash Flow	5
Notes to Financial Statements	6

LIGHTWAVE LOGIC, INC.**BALANCE SHEETS**

	September 30,	December 31,
	2016	2015
	(Unaudited)	(Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$2,302,076	\$3,730,705
Prepaid expenses and other current assets	167,479	264,491
Total Current Assets	2,469,555	3,995,196
PROPERTY AND EQUIPMENT - NET	440,271	495,062
OTHER ASSETS		
Intangible assets - net	650,648	619,767
TOTAL ASSETS	\$3,560,474	\$5,110,025
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$119,928	\$32,852
Accounts payable and accrued expenses- related parties	7,951	5,069
Accrued expenses	85,345	65,036
TOTAL LIABILITIES	213,224	102,957
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.001 par value, 1,000,000 authorized; No shares issued or outstanding	—	—
Common stock, \$0.001 par value, 250,000,000 authorized; 67,048,161 and 65,237,879 issued and outstanding at September 30, 2016 and December 31, 2015	67,048	65,238
Additional paid-in-capital	48,181,541	46,541,251
Accumulated deficit	(44,901,339)	(41,599,421)
TOTAL STOCKHOLDERS' EQUITY	3,347,250	5,007,068
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,560,474	\$5,110,025

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.**STATEMENTS OF OPERATIONS****FOR THE THREE MONTHS AND NINE MONTHS ENDING SEPTEMBER 30, 2016 AND 2015****(UNAUDITED)**

	For the Three Months Ending September 30, 2016		For the Nine Months Ending September 30, 2015	
NET SALES	\$—	\$—	\$—	\$—
COST AND EXPENSE				
Research and development	589,038	1,047,963	1,784,871	2,312,662
General and administrative	354,288	881,961	1,257,096	1,735,053
TOTAL COST AND EXPENSE	943,326	1,929,924	3,041,967	4,047,715
LOSS FROM OPERATIONS	(943,326)	(1,929,924)	(3,041,967)	(4,047,715)
OTHER INCOME (EXPENSE)				
Interest income and other income	62	63	191	187
Commitment fee	(22,177)	—	(260,142)	—
NET LOSS	\$(965,441)	\$(1,929,861)	\$(3,301,918)	\$(4,047,528)
Basic and Diluted Loss per Share	\$(0.01)	\$(0.03)	\$(0.05)	\$(0.07)
Basic and Diluted Weighted Average Number of Shares	66,159,280	61,247,805	65,816,072	59,736,654

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.**STATEMENT OF STOCKHOLDERS' EQUITY****SEPTEMBER 30, 2016****(UNAUDITED)**

	Number of Shares	Common Stock	Paid-in Capital	Accumulated Deficit	Total
BALANCE AT DECEMBER 31, 2015 (AUDITED)	65,237,879	\$65,238	\$46,541,251	\$(41,599,421)	\$5,007,068
Common stock issued to institutional investor	1,400,000	1,400	962,800	—	964,200
Common stock issued for additional commitment shares	381,338	381	259,760	—	260,141
Common stock issued for services	28,944	29	17,972	—	18,001
Options issued for services	—	—	325,954	—	325,954
Warrants issued for services	—	—	73,804	—	73,804
Net loss for the nine months ending September 30, 2016	—	—	—	(3,301,918)	(3,301,918)
BALANCE AT SEPTEMBER 30, 2016 (UNAUDITED)	67,048,161	\$67,048	\$48,181,541	\$(44,901,339)	\$3,347,250

See accompanying notes to these financial statements.

LIGHTWAVE LOGIC, INC.**STATEMENTS OF CASH FLOW****FOR THE NINE MONTHS ENDING SEPTEMBER 30, 2016 AND 2015****(UNAUDITED)**

	For the Nine Months Ending September 30, 2016 2015	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(3,301,918)	\$(4,047,528)
Adjustment to reconcile net loss to net cash used in operating activities		
Warrants issued for services	73,804	68,780
Stock options issued for services	325,954	1,286,597
Common stock issued for services and fees	278,142	42,963
Depreciation and amortization	145,658	126,637
Gain on disposal of property and equipment	(644)	—
Decrease (increase) in assets		
Prepaid expenses and other current assets	97,012	(87,338)
Increase (decrease) in liabilities		
Accounts payable	87,076	(99,265)
Accounts payable and accrued expenses- related parties	2,882	6,881
Accrued expenses	20,309	38,830
Net cash used in operating activities	(2,271,725)	(2,663,443)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cost of intangibles	(42,799)	(19,533)
Purchase of property and equipment	(97,805)	(250,565)
Sale of property and equipment	19,500	—