



Healing today. Curing tomorrow.

SANUWAVE Health, Inc.
Barry Jenkins, CFO
Bernie Laurel, VP of Sales and Marketing
678-578-0103
investorrelations@sanuwave.com

Lippert/Heilshorn & Associates
Anne Marie Fields
212-838-3777
afields@lhai.com

FOR IMMEDIATE RELEASE

SANUWAVE HEALTH REPORTS FIRST QUARTER FINANCIAL RESULTS

ALPHARETTA, GA, May 16, 2011 – SANUWAVE Health, Inc. (OTC/BB: SNWV), an emerging medical technology company focused on the development and commercialization of non-invasive, biological response-activating devices in regenerative medicine, today reported financial results for the three months ended March 31, 2011.

“During the first quarter of 2011, we made significant progress in a number of areas important to building a sustainable growth company,” said Christopher M. Cashman, President and CEO of SANUWAVE. “In addition to advancing our modular Pre-Market Approval (PMA) application with the U.S. Food and Drug Administration (FDA) for dermaPACE® to treat diabetic foot ulcers (DFU), we continued to strengthen our balance sheet by raising more than \$3.9 million through investors exercising options to purchase common stock and warrants. In addition, after quarter end, in April 2011 we raised an additional \$9.1 million through a private placement of our common stock to high quality institutional investors and other accredited investors and exchanged \$4.4 million of our senior debt into common stock and warrants.”

“We continue to publish and present positive data in support of the clinical utility and safety of dermaPACE for the DFU indication. The robust results from our Phase III clinical trial showed that patients treated with dermaPACE were twice as likely to achieve wound closure of at least 90% within 12 weeks of their initial dermaPACE treatment versus patients randomized to receive sham control, suggesting the potential of dermaPACE to be a novel, non-pharmacologic and noninvasive advanced wound healing modality. We look forward to submitting the final PMA module in the second quarter and, pending a favorable response, to offering medical professionals and their patients a novel solution for these debilitating foot ulcers, with both clinical and economic benefit.”

Business highlights from the first quarter include the following:

- Submitted the second of three PMA modules to the FDA for dermaPACE for the treatment of DFU.
- Reported the publication of data from a study conducted in Taiwan in *Diabetes Research and Clinical Practice*, which showed dermaPACE demonstrated significantly improved healing compared with hyperbaric oxygen treatments (HBOT) with 85% fewer treatments and 97% less treatment time than HBOT.

- Raised \$3.9 million from the exercise of options that were issued as part of the sale of units to accredited investors during 2010.
- Granted a U.S. patent that provides the Company with the rights for devices that use piezoelectric fibers to produce acoustic energy in the shock wave spectrum. Piezoelectric fiber technology creates a small, easily targeted focal volume of energy that can be precisely pointed in the targeted tissue while minimizing exposure to surrounding tissue.

In addition, subsequent to quarter end in April 2011, the Company raised \$9.1 million in a private placement and exchanged \$4.4 million in senior notes for common stock and warrants.

Mr. Cashman added, "As we make plans for product commercialization, the foundation of our marketing efforts will be supported by the ongoing clinical validation of dermaPACE in wound healing. Toward that end, podium and poster presentations of our positive clinical data demonstrating dermaPACE's ability to safely and effectively treat diabetic foot ulcers will be delivered at several upcoming medical congresses, and we expect to submit these data for publication in a peer-reviewed medical journal."

First Quarter Financial Results

Revenues for the first quarter of 2011 were \$252,000, compared with \$143,000 for the first quarter of 2010. The increase in revenues for 2011, as compared to the same period in 2010, are primarily from sales in Europe of our new product, orthoPACE[®], for orthopedics, sports medicine and trauma indications, which was launched in July 2010.

Research and development expenses during the first quarter of 2011 were \$749,000, compared with \$1.1 million for 2010 first quarter. The decrease is due to lower clinical trial costs associated with the dermaPACE DFU clinical trial, which completed enrollment and patient follow-up in 2010.

General and administrative expenses during the first quarter of 2011 were \$1.4 million, including non-cash stock-based compensation costs of \$152,000, compared with \$1.6 million, including non-cash stock-based compensation costs of \$483,000, for the same period in 2010. The decrease in non-cash stock-based compensation costs in 2011, as compared to the same period in 2010, was primarily due to restricted stock granted in 2009 that became fully vested and expensed as of January 1, 2011. Excluding non-cash stock-based compensation costs, general and administrative expenses for the first quarter of 2011 increased by \$115,000 over the prior year's first quarter mainly due to higher legal and public company costs as a result of capital raising activities.

The net loss for the first quarter of 2011 was \$2.2 million or \$0.14 per share, compared with a net loss of \$3.0 million or \$0.24 per share for the first quarter of 2010.

As of March 31, 2011, the Company had cash and cash equivalents of \$2.3 million, compared with \$417,000 as of December 31, 2010. During the first quarter of 2011, the Company raised \$3.9 million from the exercise of options that were issued as part of the sale of units to accredited investors during 2010. Net cash used by operations for the first quarter of 2011 was \$2.0 million, compared with \$1.7 million for the first quarter of 2010, primarily due to a reduction in accounts payable in 2011 as compared to 2010.

After quarter end, in April 2011 the Company sold securities to investors in a private placement for gross proceeds of approximately \$9.1 million. Net proceeds received by the Company were \$8.5 million, net of offering costs of \$0.6 million. The Company intends to use the proceeds of this private placement for general working capital purposes. The investors in the financing included high-quality healthcare-focused institutional funds. Under the terms of the offering, the Company

sold an aggregate of approximately 2.8 million shares of common stock at a price of \$3.25 per share. The purchasers also received warrants to purchase up to an aggregate of approximately 2.8 million shares of common stock at an exercise price of \$4.00 per share. The warrants will expire in five years. The Company filed a resale registration statement that covers the resale of the shares by the purchasers and the shares issuable upon exercise of the warrants with the Securities and Exchange Commission on May 10, 2011.

In addition, in April 2011, the Company and holders of the senior notes outstanding agreed to exchange the notes with a balance of principal and accrued interest of \$4.4 million into 1,358,126 shares of common stock of the Company. The note holders also received warrants to purchase up to an aggregate of 679,064 shares of common stock at an exercise price of \$4.00 per share. The warrants will expire in five years.

About PACE®

PACE, defined as Pulsed Acoustic Cellular Expression, delivers high-energy acoustic pressure waves to produce compressive and tensile stresses on cells and tissue structures to promote angiogenic and positive inflammatory responses, and quickly initiate the healing cascade. This results in revascularization and microcirculatory improvement, including the production of angiogenic growth factors, enhanced new blood vessel formation (angiogenesis), and the subsequent regeneration of tissue such as skin, musculoskeletal and vascular structures. PACE treatment triggers the initiation of an accelerated inflammatory response that speeds wounds into proliferation phases of healing, and subsequently returns a chronic condition to an acute condition to help re-initiate the body's own healing response.

About SANUWAVE Health, Inc.

SANUWAVE Health, Inc. (www.sanuwave.com) is an emerging regenerative medicine company focused on the development and commercialization of non-invasive, biological response-activating devices for the repair and regeneration of tissue, musculoskeletal and vascular structures. SANUWAVE's portfolio of products and product candidates activate biologic signaling and angiogenic responses, including new vascularization and microcirculatory improvement, helping to restore the body's normal healing processes and regeneration. SANUWAVE intends to apply its PACE technology in wound healing, orthopedic/spine, plastic/cosmetic and cardiac conditions. Its lead product candidate for the global wound care market, dermaPACE, is CE marked for treatment of the skin and subcutaneous soft tissue and recently completed its highly positive pivotal Phase III, Investigational Device Exemption (IDE) trial in the U.S. for the treatment of diabetic foot ulcers. SANUWAVE researches, designs, manufactures, markets and services its products worldwide, and believes it has demonstrated that this technology is safe and effective in stimulating healing in chronic conditions of the foot (plantar fasciitis) and the elbow (lateral epicondylitis) through its U.S. Class III PMA approved Ossatron® device, as well as stimulating bone and chronic tendonitis regeneration in the musculoskeletal environment through the utilization of its Ossatron, Evotron™ and orthoPACE devices in Europe.

Forward-Looking Statements

This press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to financial results and plans for future business development activities, and are thus prospective. Forward-looking statements include all statements that are not statements of historical fact regarding intent, belief or current expectations of the Company, its directors or its officers. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond the Company's ability to control. Actual results may differ materially from those projected in the forward-looking statements. Among the key risks, assumptions and factors that may affect operating results, performance and financial condition are

risks associated with the marketing of the Company's product candidates and products, unproven pre-clinical and clinical development activities, regulatory oversight, the Company's ability to manage its capital resource issues, competition, and the other factors discussed in detail in the Company's periodic filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statement.

(FINANCIAL TABLES FOLLOW)

SANUWAVE HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2011 <u>(Unaudited)</u>	December 31, 2010 <u>(Audited)</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,306,100	\$ 417,457
Accounts receivable - trade, net	152,050	95,549
Inventory	422,805	463,643
Prepaid expenses	158,551	121,084
Due from Pulse Veterinary Technologies, LLC	171,868	45,389
TOTAL CURRENT ASSETS	<u>3,211,374</u>	<u>1,143,122</u>
PROPERTY AND EQUIPMENT, at cost, less accumulated depreciation	7,149	13,386
OTHER ASSETS	32,298	32,253
INTANGIBLE ASSETS, at cost, less accumulated amortization	1,763,849	1,840,538
TOTAL ASSETS	<u><u>\$ 5,014,670</u></u>	<u><u>\$ 3,029,299</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 1,561,847	\$ 1,829,815
Accrued employee compensation	1,253,096	1,101,410
Accrued expenses	321,036	256,204
Notes payable, related parties	4,406,563	4,247,290
Interest payable, related parties	80,071	82,977
Liabilities related to discontinued operations	655,061	655,061
TOTAL CURRENT LIABILITIES	<u>8,277,674</u>	<u>8,172,757</u>
NOTES PAYABLE, RELATED PARTIES	<u>5,372,743</u>	<u>5,372,743</u>
TOTAL LIABILITIES	<u><u>13,650,417</u></u>	<u><u>13,545,500</u></u>
COMMITMENTS AND CONTINGENCIES	-	-
GOING CONCERN	-	-
STOCKHOLDERS' EQUITY (DEFICIT)		
PREFERRED STOCK, par value \$0.001, 5,000,000 shares authorized; no shares issued and outstanding	-	-
COMMON STOCK, par value \$0.001, 50,000,000 shares authorized; 16,744,817 in 2011 and 14,794,650 in 2010 issued and outstanding	16,745	14,795
ADDITIONAL PAID-IN CAPITAL	47,778,965	43,728,133
ACCUMULATED OTHER COMPREHENSIVE INCOME	21,900	10,902
RETAINED DEFICIT	(56,453,357)	(54,270,031)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	<u>(8,635,747)</u>	<u>(10,516,201)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	<u><u>\$ 5,014,670</u></u>	<u><u>\$ 3,029,299</u></u>

SANUWAVE HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	<u>Three Months Ended March 31, 2011</u>	<u>Three Months Ended March 31, 2010</u>
REVENUES	\$ 251,753	\$ 143,102
COST OF REVENUES	<u>93,298</u>	<u>47,644</u>
GROSS PROFIT	<u>158,455</u>	<u>95,458</u>
OPERATING EXPENSES		
Research and development	749,299	1,085,974
General and administrative	1,382,185	1,598,524
Depreciation	6,237	194,732
Amortization	76,689	76,689
TOTAL OPERATING EXPENSES	<u>2,214,410</u>	<u>2,955,919</u>
OPERATING LOSS	<u>(2,055,955)</u>	<u>(2,860,461)</u>
OTHER INCOME (EXPENSE)		
Transitional services provided to Pulse Veterinary Technologies, LLC	112,500	90,000
Interest expense	(236,280)	(217,281)
Loss on foreign currency exchange	<u>(3,591)</u>	<u>(7,013)</u>
TOTAL OTHER INCOME (EXPENSE)	<u>(127,371)</u>	<u>(134,294)</u>
LOSS BEFORE INCOME TAXES	(2,183,326)	(2,994,755)
INCOME TAX EXPENSE	<u>-</u>	<u>-</u>
NET LOSS	(2,183,326)	(2,994,755)
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustments	10,998	(568)
TOTAL COMPREHENSIVE LOSS	<u>\$ (2,172,328)</u>	<u>\$ (2,995,323)</u>
LOSS PER SHARE:		
Net loss - basic	<u>\$ (0.14)</u>	<u>\$ (0.24)</u>
Net loss - diluted	<u>\$ (0.14)</u>	<u>\$ (0.24)</u>
Weighted average shares outstanding - basic	<u>16,143,655</u>	<u>12,509,657</u>
Weighted average shares outstanding - diluted	<u>16,143,655</u>	<u>12,509,657</u>

SANUWAVE HEALTH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	<u>Three Months Ended</u> <u>March 31,</u> <u>2011</u>	<u>Three Months Ended</u> <u>March 31,</u> <u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (2,183,326)	\$ (2,994,755)
Adjustments to reconcile net loss to net cash used by operating activities		
Amortization	76,689	76,689
Accrued interest	159,273	218,736
Depreciation	6,237	194,732
Change in allowance for doubtful accounts	44,302	10,621
Stock-based compensation	152,448	483,270
Changes in assets - (increase)/decrease		
Accounts receivable - trade	(100,803)	(34,016)
Inventory	40,838	31,420
Prepaid expenses	(37,467)	(456)
Due from Pulse Veterinary Technologies, LLC	(126,479)	(72,521)
Other assets	(45)	276
Assets held for sale	-	(10,792)
Changes in liabilities - increase/(decrease)		
Accounts payable	(267,968)	384,738
Accrued employee compensation	151,686	151,298
Accrued expenses	64,832	(159,350)
Interest payable, related parties	(2,906)	-
NET CASH USED BY OPERATING ACTIVITIES	<u>(2,022,689)</u>	<u>(1,720,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from promissory notes, related parties	-	1,000,000
Proceeds from unit options exercised, related parties	2,463,008	-
Proceeds from unit options exercised	1,437,326	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>3,900,334</u>	<u>1,000,000</u>
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	<u>10,998</u>	<u>(568)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,888,643	(720,678)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	417,457	1,786,369
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,306,100</u>	<u>\$ 1,065,691</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	<u>\$ 81,864</u>	<u>\$ -</u>