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SECURITIES & EXCHANGE COMMISSION EDGAR FILING

WOUND MANAGEMENT TECHNOLOGIES, INC.

Form: 10-K

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Corporate Issuer CIK: 714256

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

FORM 10-K

☑ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

Commission File Number 0-11808

WOUND MANAGEMENT TECHNOLOGIES, INC.
(Exact name of Registrant as specified in its charter)

Texas	59-2219994
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1200 Summit Ave, Suite 414, Fort Worth, Texas 76102
(Address of principal executive offices) (Zip Code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock $ .001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☑ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ] 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 “accelerated filer,” “large 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	Emerging growth company
☐	☐	☐	☑	☑

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2017 based on the $0.07 closing price as of such date was approximately $6,062,571.

As of March 29, 2018, 236,646,990 shares of the Issuer’s $.001 par value common stock were issued and 236,642,901 were outstanding.

WOUND MANAGEMENT TECHNOLOGIES, INC.
Form 10-K
For the Year Ended December 31, 2017

LETTER FROM THE CEO

Dear Shareholders:

As we enter the third year of our three-year plan, we'd like to reflect on the momentum we continued to build in 2017 and give perspective about our future. The plan for 2017 included initiatives for building a solid company infrastructure and maintaining positive cash flow while focusing on strategic growth. I am pleased to report that we accomplished our 2017 goals by building a strong sales and marketing leadership team; growing annual revenues by 14%; realizing net income of $331,000, and retiring all debt except for our two convertible notes payable.

The Company was able to report annual net income for the first time in its history in 2017. Furthermore, 2016 included a significant nonrecurring expense in the amount of $818,665, primarily a noncash loss on the issuance of warrants for services valued at $758,665. Without this noncash expense, operating income was $343,000 for 2016. These warrants issued in 2016 were cancelled in 2017. We were able to achieve this two-year period of positive net cash from operations while still investing resources to strengthen our operational capabilities, grow our sales force, and invest in product development.

Continuing the momentum we enjoyed in 2016, more hospitals and surgeons from a variety of specialties recognized the benefits to their patients of our CRXa® Activated Collagen® Product Line. I am also pleased to report we realized the first sales of our HemaQuell® Resorbable Bone Hemostat in the fourth quarter of 2017. This novel product stops bone bleeding on contact and then resorbs within 2-7 days following surgery to allow for normal healing. HemaQuell Hemostat is delivered in a patent-pending applicator that simplifies its use in the surgical suite. Early adopter surgeons are recognizing the need and the value for this novel technology.

Beginning with the May 2017 hiring of Robert (Rob) K. Mart as Vice President, Marketing, 2017 saw the building of an outstanding sales and marketing leadership team. Rob is a seasoned leader with forty plus years of healthcare industry experience including twenty-three years with Johnson & Johnson. His leadership experience includes many successes and awards in research & product development and sales & marketing. We further bolstered our marketing and product development capabilities with the late summer hiring of Sherlene Bagley, another healthcare industry veteran with extensive marketing, product development and operations experience.

In the Fall, we brought great sales leadership into the Company with the addition of Zachary (Zach) B. Fleming as Vice President, Sales and Jay M. Speelhoffer as Director, Strategic Accounts. Zach is a dynamic sales leader with twenty years of progressive medical sales leadership roles, most recently with Smith & Nephew. He has a history of creating winning teams by attracting and retaining top sales talent as well as a drive to help clinicians and their patients achieve superior clinical outcomes. Jay has demonstrated success for thirty plus years in customer-facing sales and account management leadership positions with companies such as Johnson & Johnson, Bristol Myers Squibb, and most recently St. Jude Medical. His experience and reputation in the industry has already paid dividends in growing our sales distribution network. In addition, we just had two offers accepted, one for our new Chief Financial Officer and one for our Director of Customer Service. Both individuals are experienced medical device/pharma professionals who will add great value to our management team.

Along with adding key staff, the Company implemented a robust, cloud-based enterprise software system to improve productivity and facilitate the scale-up of order taking, processing, shipping, invoicing, and customer management. Also, in the Spring of 2017 we moved our corporate offices into a larger, more convenient location in the DFW Metroplex to accommodate our growing staff.

2018 is getting off to a great start with several major accomplishments already under our belts. While we have an aggressive forecast, we hit the January and February numbers and expect to achieve the forecast for March and the first quarter as well as our daily sales rate continues to increase.

I am also extremely pleased to announce that on Monday, March 26, 2018, the Company submitted an FDA 510(k) application seeking U.S. marketing clearance for our new internally sourced hydrolyzed collagen. With the pending expiration of Applied Nutritionals' patent covering the use of hydrolyzed collagen in wound care on February 27, 2018, part of our three-year strategic plan was to develop our own source for the hydrolyzed collagen raw material used to manufacture our surgical and wound care products. All laboratory and preclinical tests have confirmed that the internally sourced hydrolyzed collagen is equivalent to the currently sourced material. Having control of sourcing will reduce supply risks, control inventory costs, and give us the ability to develop new, differentiated products that meet the needs of our customers. We are currently ramping up production and, upon FDA clearance, we expect to be selling our internally sourced products by September of this year. In the meantime, we have ample stock available of CellerateRX®/CRXa® Branded products to fulfill customers' needs through August of this year as provided for in our current license agreement.

Other significant milestones in the First Quarter of 2018 include:

- The retirement of all debt – both current and long term.
- The conversion of all Series C Preferred Stock and accumulated dividends to Common Stock so the Company only has one class of stock.
- The conclusion of all outstanding litigation.
- The expansion of our Company Sales Force.

In summary, for the first time in the Company's history, we are extremely pleased to report a year of positive net income, sustained growth, and long awaited financial stability. As we enter the last year of our three-year plan, we anticipate our momentum will continue forward, resulting in growth of revenues, the addition of more core products, continued investments in new products and clinical support of existing products, and expanding our staff to support our growing business. We will continue to do our best to meet or exceed customer and shareholder expectations.

J. Michael Carmena
Chief Executive Officer

Item 1. BUSINESS

Background

The terms “we,” “our,” “us,” and “Company” refer Wound Management Technologies, Inc., and its subsidiaries, unless the context suggests otherwise

Wound Management Technologies, Inc. was organized on December 14, 2001, as a Texas corporation under the name eAppliance Innovations, Inc. In June of 2002, MB Software Corporation, a public corporation formed under the laws of Colorado, merged with the Company (which at the time was a wholly owned subsidiary of MB Software Corporation), and the Company changed its name to MB Software Corporation as part of the merger. In May of 2008, the Company changed its name to Wound Management Technologies, Inc.

Wound Care Innovations, LLC (“ *WCI*”), a wholly-owned subsidiary of the Company was organized as a Nevada limited liability company on August 21, 2003. WCI is a growing provider of CellerateRX®/CRXα® Activated Collagen® Adjuvant in the general wound care and surgical markets. The general/chronic wound care market is quickly expanding, particularly with respect to chronic wound applications due to an aging population and increases in the incidence of obesity and diabetes. In 2012, WCI expanded its Activated Collagen® Adjuvant product line to include surgical products, which resulted in the Company’s sales growth.

Resorbable Orthopedic Products, LLC (“ROP”) a whollyowned subsidiary of the Company, was organized as a Texas limited liability company on August 24, 2009, as part of a transaction to acquire a multifaceted patent for resorbable bone hemostasis products. ROP is both licensing technology from this patent and also developing products itself. In 2014 the Company entered into a commercial license for a bone void filler and in 2016 ROP received FDA 510(k) clearance for ROP Bone Hemostasis Material, (registered tradename HemaQuell®). HemaQuell® Resorbable Bone Hemostat is a mechanical tamponade for bleeding bone that resorbs within 27 days after use. The Company began selling HemaQuell Hemostat in the fourth quarter of 2017. Initial sales efforts are focused on orthopedic, cardiovascular, and spine surgeries.

The Product

CellerateRX®/CRXα® Activated Collagen®/CRXα® Adjuvant, (the “Product”) is cleared by the FDA as a medical device for use on all acute and chronic wounds, except third degree burns, and is offered in both powder and gel form. CellerateRX Wound Care Products are available without a prescription and are currently approved for reimbursement under Medicare Part B. CellerateRX Activated Collagen® Surgical Adjuvant Products are available under a physician’s order. Applied Nutritionals, LLC (“*AN*”) manufactures the Products and owns the CellerateRX registered trademark. The Company has incurred no research and development costs related to CellerateRX during the last two fiscal years.

Patent, License and Royalty Agreements

WCI began marketing and selling CellerateRX Products under the terms of a distribution agreement with AN that was effective on July 28, 2004. Effective January 3, 2008, WCI entered into separate exclusive license agreements with both AN and its founder George Petito (“Petito”), pursuant to which WCI obtained the exclusive worldwide license to certain patented technologies and processes related to CellerateRX Products. The licenses are limited to the human health care market, (excluding dental and retail) for external wound care (including surgical wounds). Although the term of these licenses expired on February 27, 2018, the agreements permit WCI to continue to sell and distribute Product with third parties for a period not exceeding six (6) months from the termination date.

In consideration for the licenses, WCI agreed to pay AN and Petito, (in the aggregate), the following royalties, beginning January 3, 2008: (a) an advance royalty of $100,000. (b) a royalty of 15% of gross sales occurring during the first year of the license. (c) an additional advance royalty of $400,000 on January 3, 2009. plus (d) a royalty of 3% of gross sales for all sales occurring after the payment of the $400,000 advance royalty. In addition, WCI must maintain a minimum aggregate annual royalty payment of $375,000 for 2009 and thereafter if the royalty percentage payments made do not meet or exceed that amount. AN and Petito have been paid the minimum aggregate annual royalty payments each year since 2008, including both 2017 and 2016. Sales of CellerateRX Products occurring after the termination date are subject to the 3% royalty.

Marketing, Sales and Distribution

We began marketing our products in the chronic wound care and long-term care markets, as well as the professional medical markets, due to the prevalence of diabetic and decubitus, (pressure) ulcers. We believe that our Activated Collagen® Products are unique in composition and clinical performance and demonstrate the ability to reduce costs associated with standard wound management. In 2012, the Company added the CellerateRX Surgical Activated Collagen® Adjuvant product line to expand into the surgical wound market. WCI Surgical Products are attracting increased business from hospitals and surgery centers due to the unique benefits of hydrolyzed collagen, including product efficacy and economic value. The Products are used in specialty areas including total joint replacement, spine, orthopedic, trauma, vascular, general, plastic and reconstructive surgeries and podiatry. Chronic wound care Products are sold via independent distributors, distributor organizations, healthcare distributors, representatives and internal sales activities. The surgical Products are sold through a growing network of surgical product distributors and Company representatives who are credentialed to demonstrate the products in surgical settings.

Staffing

As of March 31, 2018, the Company has a staff of 18, consisting of 13 full-time employees, and 5 contractors.

Competition

The general wound care market is served by a number of large, multi-product line companies offering a suite of products to the market as well as a large number of small companies. Our Activated Collagen Products compete with primary dressings, advanced wound care products, collagen matrices and other biopharmaceutical products. Manufacturers and distributors of competitive products include: Smith & Nephew plc, Acelity L.P. Inc., Medline Industries, Inc., and Integra LifeSciences Holdings Corporation. Many of our competitors are significantly larger than we are and have more financial and personnel resources than we do. Consequently, we will be at a competitive disadvantage in marketing and selling our products in the marketplace. We believe, however, that the unique molecular form of Activated Collagen® Adjuvant used in our Products outperforms currently available, non-active dressings by improving efficacy, reducing the cost of patient care, and replacing numerous products with a single primary dressing.

New Products, Markets and Services

In September 2009. the Company acquired a patent (U.S. Patent No. 7,074,425, the " *ROP Patent*") from Resorbable Orthopedics, LLC, (" *ROP*") for a resorbable bone hemostat and delivery system for orthopedic bone void fillers (See Note 5 "Intangible Assets"). The ROP Patent offers innovative, safe and effective resorbable orthopedic products that are complementary to the already-existing Activated Collagen® Surgical Products. Together, the bone hemostat and delivery system addresses issues such as bone wax granuloma and the cost-effective delivery of materials that manage bone wound healing. The resorbable orthopedic products covered by the ROP Patent are (a) a resorbable bone hemostat used to stop blood flow; (b) a delivery system for osteogenic/osteoinductive orthopedic products (bone void fillers); and (c) the formula as a delivery system for bone growth factors. These products have a complimentary sales call point for surgical representatives that sell the Company's Activated Collagen® Surgical Products.

The Company received 510(k) clearance for the resorbable orthopedic hemostat in February of 2016; completed subsequent testing and launched HemaQuell® Resorbable Bone Hemostat in 2017, with our first sales realized in the Fourth Quarter. The Company is currently focusing its sales efforts in the domestic, (United States) market.

On November 8, 2011, ROP executed a development and license agreement with BioStructures, LLC, (The " *BioStructures License*") which licensed certain bone hemostat rights to BioStructures, LLC to develop products in the field of bone remodeling, based on the ROP Patent, (see Note 5 "Intangible Assets") for use in the human skeletal system. The BioStructures License excludes the fields of (1) a resorbable bone hemostat, (2) a resorbable orthopedic hemostat and antimicrobial dressing, and (3) veterinary orthopedic applications. In accordance with the terms of the BioStructures License, BioStructures, LLC paid an initial fee of $100,000 for the right to develop royalty-bearing products based on the ROP Patent for a 24-month period (such products shall hereinafter be referred to as the "*BioStructures Products*"). That right was extended to allow for the additional time needed for their FDA 510(k) clearance which occurred in 2014. At the time of their first FDA clearance, BioStructures paid a $50,000 FDA clearance fee and then entered into a Commercial License with ROP to market their cleared bone void filler. BioStructures paid $100,000 for the Commercial License which also included a 3% royalty on any such product's sales over the life of the ROP Patent, which expires in 2023 and annual minimum royalties of $201,000. In 2015, BioStructures was acquired by BioVentus LLC. In 2016, BioVentus LLC and ROP agreed to reduce the royalty fee to 1.5% with the annual minimum royalty unchanged.

Available Information

The Company electronically files reports with the Securities and Exchange Commission (the " *SEC*"). The public may read and copy any materials the Company has filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. Copies of the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are also available free of charge through the Company's website (http://www.wmgtech.com/), as soon as reasonably practicable after electronically filing with or otherwise furnishing such information to the SEC, and are available in print to any stockholder who requests it.

Item 1A. RISK FACTORS

The following risk factors should be considered with respect to making any investment in our securities as such an investment involves a high degree of risk. You should carefully consider the following risks and the other information set forth elsewhere in this report, including the financial statements and related notes, before you decide to purchase shares of our stock. If any of these risks occur, our business, financial condition and results of operations could be adversely affected. As a result, the trading price of our stock could decline, perhaps significantly, and you could lose part or all of your investment. As used herein, the word "business" as used in "material adverse effect on our business", "adversely affect our business" and other similar phrases includes any of (or any combination of) the Company's present or future: operations, financial performance, margins, revenues, operating margins, stock value, competitive position, or other indicators of Company performance.

RISKS RELATED TO HOW WE OPERATE OUR BUSINESS:

We had a history of losses in prior years and may not maintain profitability.

Prior to 2017, the Company continuously incurred net losses since we began our current operations in 2004. (see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"). Most recently, we incurred net losses from continuing operations of $415,747, and $1,340,455 in 2016, and 2015, respectively. However, the operating loss in 2016 included a significant nonrecurring expense in the amount of $818,665, primarily a non-cash loss on the issuance of warrants for services valued at $758,665. Without this non-cash expense, operating income was $342,918 for 2016. We plan to continue making significant investments in our sales and clinical programs resulting in a substantial increase in our operating expenses. Consequently, we will need to continue our revenue growth to maintain profitability in the future. We cannot offer any assurance that we will be able to generate future sales growth. If we fail to maintain profitability, our stock price may decline and you may lose part or all of your investment.

Our revenue growth for a particular period is difficult to predict, and a shortfall in forecast revenues may harm our operating results.

Because we are a relatively small company, our revenue growth and consequently results of operations are difficult to predict. We plan our operating expense levels based primarily on forecasted revenue levels. A shortfall in revenue could lead to operating results being below expectations as we may not be able to quickly reduce our fixed expenses in response to short-term revenue shortfalls. We have experienced fluctuations in revenue and operating results from quarter to quarter and anticipate that these fluctuations will continue until we achieve a critical mass with our product sales. These fluctuations are due to a variety of factors, including:

- the uncertainty surrounding our ability to attract new customers and retain existing customers;
- the length and variability of our sales cycle, which makes it difficult to forecast the quarter in which our sales will occur;
- issues in manufacturing our products or product candidates;
- the timing of operating expense relating to the expansion of our business and operations;
- the development of new wound care products or product enhancements by our competitors;
- actual events, circumstances, outcomes and amounts differing from assumptions and estimates used in preparing our operating plan and how well we execute our strategy and operating plans.

As a consequence, operating results for a particular future period are difficult to predict and prior results are not necessarily indicative of future results. Any of the foregoing factors, or any other factors discussed elsewhere herein, could have a material adverse effect on our business.

If our products do not gain market acceptance, we might not be able to fund future operations.

A number of factors may affect the market acceptance of our products or any other products we develop or acquire, including, but not limited to:

- the price of our products relative to other products for the same indications;
- the perception by physicians and other members of the healthcare community of the efficacy and safety of our products for their indicated applications and treatments;
- changes in practice guidelines and the standard of care for the targeted indication; and
- the effectiveness of our sales and marketing efforts or our partners' sales and marketing efforts.

Our ability to effectively promote and sell any approved products may also depend on pricing and cost-effectiveness, including our ability to produce a product at a competitive price and our ability to obtain sufficient third-party coverage or reimbursement, if any. In addition, our efforts to educate the medical community on the benefits of our product candidates may require significant resources, may be constrained by FDA rules and policies on product promotion, and may never be successful. If our products do not gain market acceptance, we may not be able to fund future operations, including developing, testing and obtaining regulatory approval for new product candidates and expanding our sales and marketing efforts for our approved products, which would cause our business to suffer.

Disruption of, or changes in, our distribution model or customer base could harm our sales and margins.

If we fail to manage the distribution of our products properly, or if the financial condition or operations of our reseller channels weakens, there may be a material adverse effect on our business. Furthermore, a change in the mix of our customers between service provider and enterprise, or a change in the mix of direct and indirect sales, could adversely affect our business.

Several factors could also result in disruption of or changes in our distribution model or customer base, which could harm our sales and margins, including the following:

- in some instances, we compete with some of our resellers through our direct sales, which may lead these channel partners to use other suppliers that do not compete; and

- some of our resellers may have insufficient financial resources and may not be able to withstand changes in business conditions.

If we cannot meet our future capital requirements, our business will suffer.

We have a history of operating losses and with the exception of 2016, negative cash flow from operating activities. As such, we have utilized funds from offerings of our securities to fund our operations. Future results of operations involve significant risks and uncertainties. Factors that could affect our future operating results and cause actual results to vary materially from expectations include, but are not limited to, potential demand for our products, risks from competitors, regulatory approval of our new products, technological change, and dependence on key personnel. Although we have taken steps to improve our overall liquidity, if our cash flow is insufficient, we may be forced either to secure a line of credit or seek additional equity financing in order to:

- fund operating losses;

- increase marketing to address the market for wound care, surgical and ROP products;

- take advantage of opportunities, including more rapid expansion or acquisitions of complementary products or businesses;

- hire, train and retain employees;

- develop new products; and/or

- respond to economic and competitive pressures.

If our capital needs are met through the issuance of equity or convertible debt securities, the percentage ownership of our current stockholders may be reduced. Our future success may be determined in large part by our ability to obtain additional financing, and the incurrence of indebtedness would result in increased debt service obligations which could result in operating and financing covenants that would restrict our operations. There can be no assurance that such financing would be available or, if available, that such financing could be obtained upon terms acceptable to us. If adequate funds are not available, or are not available on acceptable terms, our operating results and financial condition may suffer.

Failure to retain and recruit key personnel would harm our ability to meet key objectives.

Our success depends, in large part, on our ability to attract and retain skilled executive, managerial, sales and marketing personnel. There can be no assurance that we will be able to find and attract additional qualified employees or retain any such executive officers and other key personnel. The inability to hire qualified personnel; the loss of services of our executive officers or key personnel; or the loss of services of executive officers or key personnel who may be hired in the future may have a material adverse effect on our business.

Failure to manage our planned growth could harm our business.

Our ability to successfully market and sell our wound care products and implement our business plan requires an effective plan for managing our future growth. We plan to increase the scope of our operations at a rapid rate. Future expansion efforts will be expensive and may strain our internal operating resources. To manage future growth effectively, we must maintain and enhance our financial and accounting systems and controls, integrate new personnel and manage expanded operations. If we do not manage growth properly, it could harm our operating results and financial condition.

We operate in a highly competitive industry and face competition from large, well-established medical device manufacturers as well as new market entrants.

Competition from other medical device companies is intense, expected to increase, subject to rapid change and significantly affected by new product introductions and other market activities of industry participants. We compete with other companies in acquiring rights to products or technologies from universities and other research institutions. Although our products have performed well in customer evaluations, we are a relatively unknown brand in a market controlled, in large part, by companies with a large customer base. We may not, even with strong customer accounts, be able to establish the credibility necessary to secure large national customers.

A number of factors may limit the market acceptance of our products, including the timing of regulatory approvals and market entry relative to competitive products, the availability of alternative products, and the price of our products relative to alternative products, the availability of third party reimbursement and the extent of marketing efforts by third party distributors or agents that we retain. There can be no assurance that our products will receive market acceptance in a commercially viable period of time, if at all. Furthermore, there can be no assurance that we can develop products that are more effective or achieve greater market acceptance than competitive products, or that our competitors will not succeed in developing or acquiring products and technologies that are more effective than those being developed by us, that would render our products and technologies less competitive or obsolete.

Our competitors enjoy several competitive advantages over us, including but not limited to:

- large and established distribution networks in the U.S. and/or in international markets;
- greater financial, managerial and other resources for products research and development, sales and marketing efforts and protecting and enforcing intellectual property rights;
- greater name recognition;
- larger consumer base;
- more expansive portfolios of intellectual property rights;
- greater experience in obtaining and maintaining regulatory approvals and/or clearances from the FDA and other regulatory agencies.

The presence of competition in our market may lead to pricing pressure which would make it more difficult to sell our products at a price that will make us profitable or may prevent us from selling our products at all. Our failure to compete effectively would have a material adverse effect on our business.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we use networks to collect and store sensitive data, including intellectual property, proprietary business information and that of our customers, suppliers and business partners, personally identifiable information of our customers and employees. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties. Further, they may cause disruption of our operations and the services we provide to customers, damage to our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business.

We may not be able to maintain sufficient product liability insurance to cover claims against us.

Product liability insurance for the healthcare industry is generally expensive to the extent it is available at all. We may not be able to maintain such insurance on acceptable terms or be able to secure increased coverage as commercialization of our products progresses, nor can we be sure that existing or future claims against us will be covered by our product liability insurance. Moreover, the existing coverage of our insurance policy or any rights of indemnification and contribution that we may have may not be sufficient to offset existing or future claims. A successful claim against us with respect to uninsured liabilities or in excess of insurance coverage and not subject to any indemnification or contribution could have a material adverse effect on our business.

RISKS RELATED TO OUR PRODUCTS:

Competitors could invent products superior to ours and cause our products and technologies to become obsolete.

The wound care sector of the medical products industry is characterized by a multitude of technologies and intense competition. Our competitors currently manufacture and distribute a variety of products that are, in many respects, comparable to our products. Many suppliers of competing products are considerably larger and have much greater resources than we do. In addition, many specialized products companies have formed collaborations with large, established companies to support research, development and commercialization of wound care products which may be competitive with ours. Academic institutions, government agencies and other public and private research organizations are also conducting research activities and may commercialize wound care products on their own or through joint ventures. It is possible that these competitors may develop technologies and products that are more effective than any we currently have. If this occurs, any of our products and technology affected by these developments could become obsolete.

We may have exposure to product liability claims.

Although we have contractual indemnity from the manufacturer of CellerateRX for liability claims related to their products, we could face a product liability claim outside of the scope of the contractual indemnity. We do not have, and do not anticipate obtaining, contractual indemnification from parties supplying raw materials or parties marketing the products we sell. In any event, indemnification from the manufacturer of CellerateRX or from any other party is limited by the terms of the indemnity and by the creditworthiness of the indemnifying party. A successful product liability claim or series of claims brought against us could result in judgments, fines, damages and liabilities that could have a material adverse effect on our business. We may incur significant expense investigating and defending these claims, even if they do not result in liability. Moreover, even if no judgments, fines, damages or liabilities are imposed on us, our reputation could suffer, which could have a material adverse effect on our business. In the event that we do not have adequate insurance or contractual indemnification, product liability claims relating to defective products could have a material adverse effect on our business.

RISKS RELATED TO INTELLECTUAL PROPERTY:

The patent on the CellerateRX products expired in February 2018.

CellerateRX products no longer benefit from the protection of a patent that expired in February 2018 and may become subject to increased competition resulting from the marketing of substantially equivalent products, and the Company’s performance may suffer as a result.

If we are unable to protect our intellectual property rights adequately, we may not be able to compete effectively.

Part of our success depends on our ability to protect proprietary rights to technologies used in certain of our products. We rely on patents, copyrights, trademarks and trade secret laws to establish and maintain proprietary rights in our technology and products. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep a competitive advantage. Our patents and patent applications may not be broad enough to prevent competitors from introducing similar products into the market. Our patents, if challenged or our attempts to enforce them, may not necessarily be upheld by the courts. Efforts to enforce any of our proprietary rights could be time-consuming and expensive, which could adversely affect our business and prospects and divert management's attention. There can be no assurance that our proprietary rights will not be challenged, invalidated or circumvented or that the rights will in fact provide competitive advantages to us.

We may be found to infringe on intellectual property rights of others.

Third parties, including customers, may in the future assert claims or initiate litigation related to exclusive patent, copyright, trademark and other intellectual property rights to technologies and related standards that are relevant to us. These assertions may emerge over time as a result of our growth and the general increase in the pace of patent claim assertions, particularly in the U.S. Because of the existence of a large number of patents in the healthcare field, the secrecy of some pending patents and the rapid rate of issuance of new patents, it is not economically practical or even possible to determine in advance whether a product or any of its components infringes or will infringe the patent rights of others. The asserted claims or initiated litigation can include claims against us or our manufacturers, suppliers or customers alleging infringement of their proprietary rights with respect to our existing or future products or components of those products. Regardless of the merit of these claims, they can be time-consuming, result in costly litigation and diversion of technical and management personnel, or require us to develop a non-infringing technology or enter into license agreements. Where claims are made by customers, resistance even to unmeritorious claims could damage customer relationships. There can be no assurance that licenses will be available on acceptable terms and conditions, if at all, or that our indemnification by our suppliers will be adequate to cover our costs if a claim were brought directly against us or our customers. Furthermore, because of the potential for high court awards that are not necessarily predictable, it is not unusual to find even arguably unmeritorious claims settled for significant amounts. If any infringement or other intellectual property claim made against us by any third party is successful, or if we fail to develop non-infringing technology or license the proprietary rights on commercially reasonable terms and conditions, our business could be materially and adversely affected.

RISKS RELATED TO REGULATIONS:

Our business is affected by numerous regulations.

Government regulation by the U.S. FDA and similar agencies in other countries is a significant factor in the development, manufacturing and marketing of our products and in the acquisition or licensing of new products. Complying with government regulations is often time consuming and expensive and may involve delays or actions adversely impacting the marketing and sale of our current or future products.

Following initial regulatory approval of any products that we may develop, we will be subject to continuing regulatory review, including review of adverse (drug or device) experiences or reactions and clinical results that are reported after our products become commercially available. This would include results from any post-marketing tests or continued actions required as a condition of approval. The manufacturing facilities we use (and may use) to make any of our products may become subject to periodic review and inspection by the FDA. If a previously unknown problem with a product or a manufacturing and laboratory facility used by us is discovered, the FDA may impose restrictions on that product or on the manufacturing facility, including requiring us to withdraw the product from the market. Any changes to an approved product, including the way it is manufactured or promoted, often requires FDA approval before the product, as modified, can be marketed. In addition, for products we develop in the future, we and our contract manufacturers may be subject to ongoing FDA requirements for submission of safety and other post-market information. If we violate regulatory requirements at any stage, whether before or after marketing approval is obtained, we may be fined, be forced to remove a product from the market or experience other adverse consequences, which would materially harm our financial results. Additionally, we may not be able to obtain the labeling claims necessary or desirable for product promotion.

Further, various healthcare reform proposals have emerged at the federal and state levels. We cannot predict whether foreign, federal, state or local healthcare reform legislation or regulation affecting our business may be proposed or enacted in the future, or what effect any such legislation or regulation would have on our business. The implementation of new legislation and regulation may lower reimbursements for our products, reduce medical procedure volumes which would likely adversely affect our business. In addition, the enacted excise tax may materially and adversely affect our business.

Distribution of our products outside the U.S. is subject to extensive government regulation. These regulations, including the requirements for approvals or clearance to market; the time required for regulatory review and the sanctions imposed for violations, vary from country to country. We do not know whether we will obtain regulatory approvals in such countries or that we will not be required to incur significant costs in obtaining or maintaining these regulatory approvals.

If we fail to obtain or experience significant delays in obtaining regulatory clearances or approvals to market future medical device products, we will be unable to commercialize these products until such clearance or approval is obtained.

The developing, testing, manufacturing, marketing and selling of medical devices is subject to extensive regulation by governmental authorities in the U.S. and other countries. The process of obtaining regulatory clearance and approval of certain medical technology products is costly and time consuming. Inherent in the development of new medical products is the potential for delay because product testing, including clinical evaluation, is required before many products can be approved for human use. With respect to medical devices, such as those that we manufacture and market, before a new medical device, or a new use of, or claim for, an existing product can be marketed (unless it is a Class I device), it must first receive either premarket clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act or approval of a premarket approval application, or PMA, from the FDA, unless an exemption applies. In the 510(k) clearance process, the FDA must determine that the proposed device is “substantially equivalent” to a device legally on the market, known as a “predicate” device, with respect to intended use, technology and safety and effectiveness to clear the proposed device for marketing. Clinical data is sometimes required to support substantial equivalence. The PMA approval pathway requires an applicant to demonstrate the safety and effectiveness of the device for its intended use based, in part, on extensive data including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data. The premarket approval process is typically required for devices that are deemed to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices. Both the 510(k) and premarket approval processes can be expensive and lengthy and entail significant user fees.

Failure to comply with applicable regulatory requirements can result in, among other things, suspension or withdrawal of approvals or clearances, seizure or recall of products, injunctions against the manufacture, holding, distribution, marketing and sale of a product and civil and criminal sanctions. Furthermore, changes in existing regulations or the adoption of new regulations could prevent us from obtaining, or affect the timing of, future regulatory approvals. Meeting regulatory requirements and evolving government standards may delay marketing of our new products for a considerable period of time, impose costly procedures upon our activities and result in a competitive advantage to larger companies that compete against us.

We cannot assure you that the FDA or other regulatory agencies will approve any products developed by us on a timely basis, if at all, or, if granted, that approval will not entail limiting the indicated uses for which we may market the product, which could limit the potential market for any of these products.

Changes to the FDA approval process or ongoing regulatory requirements could make it more difficult for us to obtain FDA approval of new products or comply with ongoing requirements.

New government regulations may be enacted and changes in FDA policies and regulations and, their interpretation and enforcement, could prevent or delay regulatory clearance or approval of new products. We cannot predict the likelihood, nature or extent of adverse government regulation that may arise from future legislation or administrative action, either in the U.S. or abroad. Therefore, we do not know whether we will be able to continue to comply with such regulations or whether the costs of such compliance will have a material adverse effect on our business. Changes could, among other things, require different labeling, monitoring of patients, interaction with physicians, education programs for patients or physicians, curtailment of necessary supplies, or limitations on product distribution. These changes, or others required by the FDA could have an adverse effect on our business, and specifically, on the sales of these products. The evolving and complex nature of regulatory science and regulatory requirements, the broad authority and discretion of the FDA and the generally high level of regulatory oversight results in a continuing possibility that from time to time, we will be adversely affected by regulatory actions despite ongoing efforts and commitment to achieve and maintain full compliance with all regulatory requirements. If we are not able to maintain regulatory compliance, we will not be permitted to market our products and our business would suffer.

Modifications to our current products may require new marketing clearances or approvals or require us to cease marketing or recall the modified products until such clearances or approvals are obtained.

Any modification to a FDA-cleared product that could significantly affect its safety or efficacy, or that would constitute a major change or modification in its intended use, requires a new FDA 510(k) clearance or, possibly, a premarket approval (PMA). The FDA requires every manufacturer to make its own determination as to whether a modification requires a new 510(k) clearance or PMA, but the FDA may review and disagree with any decision reached by the manufacturer. In the future, we may make additional modifications to our products after they have received FDA clearance or approval and, in appropriate circumstances, determine that new clearance or approval is unnecessary. Regulatory authorities may disagree with our decisions not to seek new clearance or approval and may require us to obtain clearance or approval for previous modifications to our products. If that were to occur for a previously cleared or approved product, we may be required to cease marketing or recall the modified device until we obtain the necessary clearance or approval. Under these circumstances, we may also be subject to significant regulatory fines or other penalties. If any of the foregoing were to occur, our financial condition and results of operations could be negatively impacted.

Changes in reimbursement policies and regulations by governmental or other third-party payers may have an adverse impact on the use of our products.

A significant portion of our wound care products are purchased principally for the Medicare and Medicaid eligible population by hospital outpatient clinics, wound care clinics, durable medical equipment (DME) suppliers and skilled nursing facilities (SNFs), which typically bill various third-party payers, primarily state and federal healthcare programs (e.g., Medicare and Medicaid), and managed care plans, for the products and services provided to their patients. Although our wound care products are currently eligible for reimbursement under Medicare Part B, adjustments to our reimbursement amounts or a change in Centers for Medicare & Medicaid Services' (CMS). reimbursement policies could have an adverse effect on our market opportunities in this area. The ability of our customers to obtain appropriate reimbursement for products and services from third-party payers is critical to the success of our business because reimbursement status affects which products customers purchase and the prices they are willing to pay. In addition, our ability to obtain reimbursement approval in foreign jurisdictions may affect our ability to expand our product offerings internationally.

Third-party payers have adopted, and are continuing to adopt, a number of policies intended to curb rising healthcare costs. These policies include the imposition of conditions of payment by foreign, state and federal healthcare programs as well as private insurance plans, and the reduction in reimbursement amounts applicable to specific products and services.

Changes in healthcare systems in the U.S. or internationally in a manner that significantly reduces reimbursement for procedures using our products or denies coverage for these procedures would also have an adverse impact on the acceptance of our products and the prices which our customers are willing to pay for them.

We and our sales personnel, whether employed by us or by others, must comply with various federal and state anti-kickback, self-referral, false claims and similar laws, any breach of which could cause a material adverse effect on our business.

Our relationships with physicians, hospitals and the marketers of our products are subject to scrutiny under various federal anti-kickback, self-referral, false claims and similar laws, often referred to collectively as healthcare fraud and abuse laws. Healthcare fraud and abuse laws are complex, and even minor, inadvertent violations can give rise to liability, or claims of alleged violations. Possible sanctions for violation of these fraud and abuse laws include monetary fines, civil and criminal penalties, exclusion from federal healthcare programs, including Medicare, Medicaid, the Veterans Administration, Department of Defense, Public Health Service (PHS), and forfeiture of amounts collected in violation of such prohibitions could occur. Certain states have similar fraud and abuse laws that also authorize substantial civil and criminal penalties for violations. Any government investigation or a finding of a violation of these laws may result in an adverse effect on our business.

The federal Anti-Kickback Statute prohibits any knowing and willful offer, payment, solicitation or receipt of any form of remuneration in return for the referral of an individual or the ordering or recommending of the use of a product or service for which payment may be made by any federal healthcare program, including Medicare.

The scope and enforcement of the healthcare fraud and abuse laws is uncertain and is subject to rapid change. There can be no assurance that federal or state regulatory or enforcement agencies will not investigate or challenge our current or future activities under these laws. Any state or federal investigation, regardless of the outcome, could be costly and time-consuming. Additionally, we cannot predict the impact of any changes in these laws, whether these changes are retroactive or will have effect on a going-forward basis only.

If we engage additional physicians on a consulting basis, the agreements with these physicians will be structured to comply with all applicable laws, including the federal ban on physician self-referrals (commonly known as the “Stark Law”) the federal Anti-Kickback Statute, state anti-self-referral and anti-kickback laws. Even so, it is possible that regulatory or enforcement agencies or courts may view these agreements as prohibited arrangements that must be restructured or for which we would be subject to other significant civil or criminal penalties. Because our strategy includes the involvement of physicians who consult with us on the design of our products, we could be materially impacted if regulatory or enforcement agencies or courts interpret our financial relationships with our physician advisors who refer or order our products to be in violation of one or more health care fraud and abuse laws. Such government action could harm our reputation and the reputations of our physician advisors. In addition, the cost of noncompliance with these laws could be substantial because we could be subject to monetary fines and civil or criminal penalties, and we could also be excluded from state and federal healthcare programs, including Medicare and Medicaid, for non-compliance.

RISKS RELATED TO OUR GOVERNING DOCUMENTS OR OUR COMMON STOCK:

The trading price of the shares of our common stock is highly volatile, and purchasers of our common stock could incur substantial losses.

The market price of our common stock has been and is likely to continue to be highly volatile and could fluctuate widely in response to various factors, many of which are beyond our control, including the following:

- technological innovations or new products and services by us or by our competitors;
- additions or departures of key personnel;
- sales of our common stock;
- our ability to execute our business plan;
- loss of any strategic relationship;
- industry developments;
- fluctuations in stock market prices and trading volumes of similar companies;
- economic, political and other external factors;
- period-to-period fluctuations in our financial results;
- regulatory developments in the U.S. and foreign countries, both generally or specific to us and our products; and
- intellectual property, product liability or other litigation against us.

Although publicly traded securities are subject to price and volume fluctuations, it is likely that our common stock will experience these fluctuations to a greater degree than the securities of more established and better capitalized organizations.

Our common stock does not have a vigorous trading market and you may not be able to sell your securities when desired.

Although there is a public market for our common stock, trading volume has been historically low, which could impact the stock price and the ability to sell shares of our common stock. We can give no assurance that a more active and liquid public market for the shares of our common stock will develop in the future.

The potential sale of large amounts of common stock may have a negative effect upon the market value of our shares.

Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock and make it more difficult for us to raise funds through future offerings of common stock. As additional shares of our common stock become available for resale in the public market, the supply of our common stock will increase, which could decrease the price of our common stock.

In addition, future sales of large amounts of common stock could adversely affect or inhibit our ability to raise capital. Substantially all of the outstanding shares of our common stock are freely tradable, without restriction or registration under the Securities Act (other than the sales volume restrictions of Rule 144 applicable to shares held beneficially by persons who may be deemed to be affiliates). The price of our common stock could also drop as a result of the exercise of options for common stock or the perception that such sales or exercise of options could occur.

We have not paid, and we are unlikely to pay in the near future, cash dividends on our securities.

We have not paid and do not currently intend to pay dividends on our common or preferred stock, which may limit the current return available on an investment in our stock. Future dividends on our stock, if any, will depend on our future earnings, capital requirements, financial condition and such other factors as our management personnel may consider relevant. Currently, we intend to retain earnings, if any, to increase our net worth and reserves.

"Penny Stock" Limitations.

Rule 3a51-1 of the Securities Exchange Act of 1934 establishes the definition of a "penny stock." For purposes relevant to the Company, a "penny stock" is any equity security that has a minimum bid price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to a limited number of exceptions which are likely not available to us. It is likely that our shares will be considered to be penny stocks for the immediate foreseeable future. This classification severely and adversely affects any market liquidity of our common stock.

For any transaction involving a penny stock, unless exempt, the penny stock rules require that a broker or dealer approve a person's account for transactions in penny stocks and that the broker or dealer receive from the investor a written agreement to the transaction setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience and objectives of the person and the broker or dealer must make a special written determination that the transaction in penny stocks is suitable for that person and that that person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of a transaction in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prepared by the SEC relating to the penny stock market that, in highlight form, sets forth the basis on which the broker or dealer made the suitability determination, and that the broker or dealer received a signed, written agreement from the investor prior to the transaction. These restrictions and regulations limit the appeal of penny stock to some investors and may limit the liquidity of shares of our stock.

Disclosure also has to be made about (a) the risks of investing in penny stock in both public offerings and in secondary trading; (b) commissions payable to both the broker-dealer and the registered representative; (c) current quotations for the securities; and (d) the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, the broker or dealer must send monthly statements disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Because of these regulations, broker-dealers may not wish to engage in the above-referenced paperwork and disclosures. In addition, they may encounter difficulties when attempting to sell shares of our common stock, which may affect the ability of selling shareholders or other holders to sell their shares in any secondary market. These additional sales practices and disclosure requirements may impede the sale of our securities and the liquidity of our securities may decrease, with a corresponding decrease in the price. Our shares, in all probability, will be considered subject to such penny stock rules for the foreseeable future, and our shareholders may, as a result, find it difficult to sell their shares.

A few of our existing shareholders own a large percentage of our voting stock and have a significant influence over matters requiring stockholder approval and may delay or prevent a change in control.

Our directors own or control a large percentage of our common stock (See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters"). As a result, our directors could have the ability to exert substantial influence over all matters requiring approval by our stockholders, including the election and removal of directors and any proposed merger, consolidation or sale of all or substantially all of our assets as well as other corporate transactions. This concentration of control could be disadvantageous to other stockholders with interests different from those of our directors, and principal stockholders; e.g., our principal stockholders could delay or prevent an acquisition or merger even if the transaction would benefit other stockholders. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders.

Our Articles of Incorporation, as amended, and Bylaws, as amended, may delay or prevent a potential takeover of the Company.

Our Articles of Incorporation and Bylaws contain provisions that may have the effect of delaying, deterring or preventing a potential takeover of the Company, even if the takeover is in the best interest of our shareholders. For example, the Bylaws limit when shareholders may call a special meeting of shareholders, and these and other provisions may negatively affect the price of our stock. The Articles also allow our board of directors (the "*Board*") to fill vacancies, including newly created directorships.

Our Board can authorize the issuance of preferred stock, which could diminish the rights of holders of our common stock and make a change of control of the Company more difficult even if it might benefit our shareholders.

The Board is authorized to issue shares of preferred stock in one or more series and to fix the voting powers, preferences and other rights and limitations of the preferred stock. Accordingly, we may issue shares of preferred stock with a preference over our common stock with respect to dividends or distributions on liquidation or dissolution, or that may otherwise adversely affect the voting or other rights of the holders of common stock. Issuances of preferred stock, depending upon the rights, preferences and designations of the preferred stock, may have the effect of delaying, deterring or preventing a change of control, even if that change of control might benefit our shareholders.

FORWARD-LOOKING STATEMENTS:

When used in this Form 10-K or other filings by the Company with the Securities and Exchange Commission, in the Company's press releases or other public or shareholder communications, or in oral statements made with the approval of an authorized officer of the Company's executive officers, the words or phrases "would be", "will allow", "intends to", "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project", or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

The Company cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date made, and advises readers that forward-looking statements involve various risks and uncertainties. Our management believes its assumptions are based upon reasonable data derived from and known about our business and operations. No assurances are made that our actual results of operations or the results of our future activities will not differ materially from these assumptions. The Company does not undertake, and specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of such statement.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's corporate office is currently located at 1200 Summit Avenue, Suite 414, Fort Worth, TX 76102. The lease for the Company's corporate office was entered into in March of 2017 and effective May 1, 2017. The lease expires on the last day of the fiftieth (50th) full calendar month following the effective date, (June 30, 2021). Monthly base rental payments are as follows: months 1-2, $0; months 3-14, $7,250; months 15-26, $7,401; months 27-38, $7,552; and months 39-50, $7,703.

ITEM 3. LEGAL PROCEEDINGS

Ken Link v. Wound Management Technologies, Inc., et al. On November 14, 2011, Ken Link instituted litigation against Wound Management Technologies, Inc. and Scott A. Haire in the District Court of Tarrant County Texas, Cause No. 342-256486-11 of the 342nd Judicial District, alleging default under the terms of a certain promissory note executed by Wound Management Technologies, Inc. and guaranteed by Scott A. Haire. Ken Link asserted at that point in time that the unpaid balance of the note, including accrued interest as of December 4, 2011, was the sum of $355,292. Mr. Link also asserted that he was entitled to receive 200,000 shares of the Company's common stock. Mr. Link was also seeking attorney's fees; interest at 13% per annum; plus $1,000 per day. We disputed the claim, because we believed the contract was tainted by usury, and therefore, a usury counterclaim would more than offset the unpaid balance of the promissory note.

The note, in the original principal amount of $223,500, required the payment of interest accrued at 13% per annum; an additional one-time charge of $20,000 due on maturity; the issuance of 200,000 shares of the Company's common stock as interest; and a $1,000 per day late fee for each day the principal and interest is late. It was our contention that these sums made the contract usurious and the usury claims more than offset the amount of the unpaid indebtedness. Furthermore, we filed an action for recovery of damages for usury under the Texas Finance Code for a note which was previously executed by the Company and payable to Ken Link, which was in fact paid to Mr. Link in full. In addition, Wound Management sought recovery of attorney's fees pursuant to the usury provisions of the Texas Finance Code. While the amount of the promissory note remained unpaid, the counterclaims more than offset the maximum amount that could be asserted on the promissory note. The case was set for trial the week of October 21, 2013, but after three (3) days of trial before a jury, the judge declared a mistrial. Subsequently, Ken Link amended his pleadings and alleged that Wound Management Technologies, Inc. never intended to pay the $223,500 promissory note and sought damages for fraud and the loss of the benefit of the bargain relating to the shares of stock, plus interest as set forth in the note, exemplary damages, and attorney's fees. The case was subsequently reset for trial the week of December 1, 2014, and the judge again declared a mistrial. On September 4, 2015, Ken Link amended his pleadings once again seeking the sums he says are owed to him that were related to the advance by him in the amount of $223,500. The case was set for trial the week of May 15, 2017, but again, after three (3) days of trial before a jury, the judge declared a mistrial.

The case was subsequently reset for trial the week of October 30, 2017, and during a break in the proceedings, (November 1, 2017), the Company and Ken Link entered into a binding settlement agreement, which resulted in dismissal with prejudice of all claims and counterclaims asserted in Cause No. 342-256486-11, in exchange for which the Company delivered to Ken Link 1,200,000 shares of Wound Management Technologies, Inc. common stock in total satisfaction of all obligations between the parties. As a result of this settlement, the Note Payable to Mr. Link in the amount of $223,500 is cancelled along with accrued interest in the amount of $147,373.

Wound Management Technologies, Inc. v. Fox Lake Animal Hospital, PSP Wound Management Technologies, Inc. instituted litigation in Cause No. 96-263918-13 in the 96th District Court of Tarrant County, Texas against Fox Lake Animal Hospital, PSP and Bohdan Rudawski, Trustee of the Fox Lake Animal Hospital, PSP. The cause of action asserts that the loan transaction between Wound Management Technologies, Inc. and Fox Lake Animal Hospital PSP involved the collection of illegal usurious interest for the reason that while the face amount of the promissory note is $39,000, but the loan actually loaned for a 6-month period was $25,000, resulting in an interest rate in excess of the maximum rate permitted by the Texas Finance Code. Wound Management Technologies, Inc. is seeking to recover the penalties authorized by the Texas Finance Code, together with the attorney's fees. Fox Lake Animal Hospital and Bohdan Rudawski, Trustee have filed a counterclaim where they allege there were misrepresentations by Wound Management Technologies, Inc. that would be excuse them from having to pay penalties under the Texas Finance Code for charging usurious interest. Fox Lake Animal Hospital and Bohdan Rudawski, Trustee further claim that actions asserted violates the Federal Securities Exchange Act and alleged fraud and fraud in the inducement in entering into the promissory note.

Wound Management Technologies, Inc. v. Bohdan Rudawski Wound Management Technologies, Inc. instituted litigation in Cause No. 352-263856-13 in the 352nd District Court of Tarrant County, Texas against Bohdan Rudawksi. The case has been postponed until September of 2016. The cause of action asserts that the loan transaction between Wound Management Technologies, Inc. and Bohdan Rudawski involved the collection of illegal usurious interest for the reason that while the face amount of the promissory note is $156,000.00, but the loan actually loaned for a 6-month period was $100,000.00, charging an effective interest rate of over 100% which violates the provisions of the Texas Finance Code. Wound Management Technologies, Inc. is seeking to recover the penalties authorized by the Texas Finance Code, together with the attorney's fees. Bohdan Rudawski has filed an answer and alleges there was not an absolute obligation to repay the note, attempting to defeat the usury claim. Bohdan Rudawski has further asserted that the claims violate the Federal Securities Exchange Act and allege fraud of inducement in entering into the promissory note.

The 352nd Judicial District Court entered an order in December, 2016, consolidating the Bohdan Rudawski case and the Fox Lake Animal Hospital case into the 352nd Court case. The case was tried and went to the jury on March 22, 2018. The jury, in response to the question concerning the fraud counterclaim, reached a verdict that there was no fraud, therefore, a Judgment should be entered finding that the Defendants take nothing by virtue of their fraud claim.

ITEM 4. MINE SAFETY DISCLOSURES

This item is not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is traded on OTCQB under the trading symbol "WNDM." OTCQB is one of three tiers established by OTC Markets Group, Inc., which operates one of the world's largest electronic interdealer quotation systems for broker-dealers to trade securities not listed on a national exchange. The following table sets forth the high and low sales price information of the Company's common stock for the quarterly periods indicated as reported by NASDAQ.

YEAR	QUARTER ENDING	HIGH	LOW
2017	March 31, 2017	$ 0.100	$ 0.038
	June 30, 2017	$ 0.100	$ 0.058
	September 30, 2017	$ 0.078	$ 0.048
	December 31, 2017	$ 0.070	$ 0.046
2016	March 31, 2016	$ 0.890	$ 0.050
	June 30, 2016	$ 0.080	$ 0.050
	September 30, 2016	$ 0.070	$ 0.040
	December 31, 2016	$ 0.050	$ 0.040

Record Holders

As of March 31, 2018, there were 2,166 shareholders of record holding shares of common stock issued, of which a total of 4,089 shares are held as treasury stock. As of March 31, 2018, there were 236,646,990 shares of common stock issued and 236,642,901 shares of common stock outstanding.

The holders of the common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Holders of the common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock.

Dividends

We have never declared or paid any cash dividends on our common stock and we do not intend to pay cash dividends in the foreseeable future. We currently expect to retain any future earnings to fund our operations and the expansion of our business.

Recent Sales of Unregistered Securities

Set forth below is information regarding the issuance and sales of the Company's securities without registration for the year ended December 31, 2017, not previously disclosed:

On March 9, 2017, the Company issued 150,000 shares of common stock to each of the Company's directors (four directors at the time, for a total of 600,000 shares valued at $42,000).

On March 10, 2017, the Company issued 250,000 shares of common stock valued at $18,500 to a contract consultant upon achievement of specified revenue targets.

On July 31, 2017, the Company issued 937,556 shares of common stock for the conversion of 800 shares of Series C Convertible Preferred Stock and $9,629 of related Series C dividends.

On November 22, 2017, the Company issued 1,200,000 shares of common stock valued at $84,000 for settlement of debt. (See NOTE 11 below for a discussion of this settlement).

On November 22, 2017, the Company issued 750,000 shares of common stock to a contract consultant upon termination of contract. There was no incremental increase in the fair value of the modified stock-based compensation award as of the modification date and accordingly, no additional compensation cost was recognized. See NOTE 3 below for discussion of the contract termination.

The issuances described above were made in private transactions or private placements intending to meet the requirements of one or more exemptions from registration. In addition to any noted exemption below, we relied upon Section 4(a)(2) of the Securities Act of 1933, as amended (the "*Act*"). The investors were not solicited through any form of general solicitation or advertising, and the sales were conducted in private transactions where the investor identified an investment intent as to the transaction without a view to an immediate resale of the securities. We have never utilized an underwriter for an offering of our securities and no sales commissions were paid to any third party in connection with the above-referenced sales.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, we are not required to provide this information.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related footnotes that appear in this document.

Organizational Overview

Our primary focus is developing and marketing products for the advanced wound care market, with a focus on surgical products, as pursued through our wholly-owned subsidiaries, WCI and ROP, which brings a unique mix of products, procedures and expertise to the wound care arena and surgical wounds. CellerateRX/CRXα® Adjuvant's unique Activated Collagen® fragments (CRa® are a fraction of the size of the native collagen molecules and particles found in other products, which delivers the benefits of collagen to the body immediately.

In September of 2009, the Company acquired the ROP Patent, which offers a solution to the problem of bone wound healing in a cost-effective manner. In February 2016, we received FDA 501(k) clearance for HemaQuell® our Resorbable Bone Hemostat. In 2011, ROP executed BioStructures License to develop certain products in the field of bone remodeling. In January of 2014, BioStructures received 510(k) clearance for their first Biostructures Product: an innovative bioactive bone graft putty and bone graft extender. In February of 2014, ROP granted a Commercial License to BioStructures according to the terms of the Biostructures License. In November 2015, BioStructures was sold to BioVentus Global and the License remains in effect.

Preparing for the expanding role of our products, the Company is studying the feasibility of two other medical devices that could be effectively distributed by the Company's sales direct and contracted sales teams.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these assumptions form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Under different assumptions or conditions, actual results may differ from these estimates. We believe the footnotes to the consolidated financial statements provide the description of the significant accounting policies necessary in fully understanding and evaluating our consolidated financial condition and results of operations.

Results of Operations

Comparison of Year ended December 31, 2017 Compared to Year ended December 31, 2016

Revenues. The Company generated revenues for the year ended December 31, 2017 of $6,304,741 compared to revenues of $5,507,853 for the year ended December 31, 2016, or a 14% increase in revenues. The increase in revenues is the result of the Company's increased sales and marketing efforts. Revenues in both 2017 and 2016 include $201,000 in annual royalties from the Biostructures License.

Cost of goods sold. Cost of goods sold for the year ended December 31, 2017 were $806,038 compared to cost of goods sold of $943,579 for the year ended December 31, 2016, or a 14% decrease in cost of goods sold. In 2017, although the Company's revenue from product sales increased significantly, the Company did not yet exceed the sales threshold needed to exceed the minimum annual royalty of $375,000.

Selling, General and administrative ("*SG&A*") *expenses*. SG&A expenses for the year ended December 31, 2017 were $5,275,402 compared to SG&A expenses of $3,946,124 for the year ended December 31, 2016, or a 34% increase in SG&A expenses due to the buildup in our sales and marketing infrastructure to support future field sales force expansion. In 2016 the Company was successful in controlling general and administrative costs while still growing sales.

Interest Expense. Interest expense was $126,825 for the year ended December 31, 2017, compared to $174,493 for the year ended December 31, 2016, or a decrease of 27%.

Net Income / loss. We had net income for the year ended December 31, 2017, of $331,309 compared with a net loss of $415,747 for the year ended December 31, 2016, or an improvement of $747,056. This improvement was primarily because 2016 included a significant nonrecurring expense in the amount of $818,665, mostly a non-cash loss on the issuance of warrants for services valued at $758,665.

Liquidity and Capital Resources

Our principal sources of liquidity are our cash and cash equivalents, and cash generated from operations. Cash and cash equivalents consist primarily of cash on deposit with banks. Historically, we have financed our operations primarily from the sale of debt and equity securities. Our financing activities used approximately $145,000 for the year ended December 31, 2017, and generated approximately $245,000 for the year ended December 31, 2016.

We determined that our existing cash and future cash to be generated from operations will satisfy our foreseeable working capital, debt repayment and capital expenditure requirements for at least the next twelve months. We will monitor our cash flow, assess our business plan, and make expenditure adjustments accordingly. If appropriate, we may pursue limited financing including issuing additional equity. Although we have successfully funded our operations to date by attracting additional equity investors, there is no assurance that our capital raising efforts will be able to attract additional necessary capital for our operations. If we are unable to obtain additional funding for operations at any time now or in the future, we may not be able to continue operations as proposed, requiring us to modify our business plan, curtail various aspects of our operations or cease operations.

As of December 31, 2017, we had total current assets of $2,037,360, including cash of $463,189 and inventories of $711,397. As of December 31, 2016, we had total current assets of $1,996,013, including cash of $833,480 and inventories of $348,457.

As of December 31, 2017, we had total current liabilities of $2,115,324 including $1,200,000 of notes payable to related parties. Our current liabilities also include $244,422 of current year royalties payable, which were paid in full during February of 2018. As of December 31, 2016, we had total current liabilities of $1,394,359 including $414,338 of notes payable and convertible notes payable to unrelated parties. Our current liabilities also included $276,916 of current year royalties payable.

For the year ended December 31, 2017, net cash used in operating activities was $139,862 compared to net cash provided by operating activities of $409,245 in 2016.

We used $85,875 in investing activities in the year ended December 31, 2017, compared to $3,029 in the year ended December 31, 2016.

For the year ended December 31, 2017, net cash used in financing activities was $144,554, compared to net cash provided by financing activities of $244,927 in 2016.

Off-Balance Sheet Arrangements

None.

Contractual Commitments

Royalty Agreements

Pursuant to the agreements with AN and Petito, the Company is obligated to pay royalties to AN and Petito, as described in "Item 1. Product, Patent, License and Royalty Agreement." The Company is current with all such royalty obligations.

On September 29, 2009, the Company entered into an Asset Purchase Agreement (the "Asset Purchase Agreement"), by and among the Company, RSI-ACQ, LLC ("RSI"), a wholly-owned subsidiary of the Company that was subsequently renamed Resorbable Orthopedic Products, LLC ("Resorbable") and Resorbable's members, pursuant to which, RSI acquired substantially all of Resorbable's assets, in exchange for (i) 500,000 shares of the Company's common stock, and (ii) a royalty equal to eight percent (8%) of the net revenues generated from products sold by the Company or any of its affiliates, which products are developed from or otherwise utilize any of the patented technology acquired from Resorbable. The royalty is paid to Barry Constantine, LLC for distribution to the original patent holders, (including Mr. Constantine) and/or their heirs.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide this information.

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARIES
Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Wound Management Technologies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Wound Management Technologies, Inc. and its subsidiaries (collectively, the “Company”) as of December 31, 2017 and 2016, and the related consolidated statements of operations, stockholders’ equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2014.
Houston, Texas
March 29, 2018

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017, AND 2016

	December 31, 2017	December 31, 2016
Assets		
Current assets		
Cash	$ 463,189	$ 833,480
Accounts receivable, net of allowance for bad debt of $28,910 and $21,947	786,250	744,044
Royalty receivable	50,250	50,250
Inventory, net of allowance for obsolescence for $144,996 and $153,023	711,397	348,457
Prepaid and other assets	26,274	19,782
Total current assets	**2,037,360**	**1,996,013**
Long-term assets:		
Property, plant and equipment, net of accumulated depreciation of $56,951 and $41,328	63,211	34,939
Intangible assets, net of accumulated amortization of $434,999 and $369,974	117,291	140,336
Total long-term assets	**180,502**	**175,275**
Total assets	**$ 2,217,862**	**$ 2,171,288**
Liabilities and stockholders' equity (deficit)		
Current liabilities		
Accounts payable	$ 225,462	$ 238,229
Accounts payable - related parties	60,000	93,655
Accrued royalties	244,422	276,916
Deferred rent	13,920	-
Accrued Commission	46,534	-
Current lease obligation	-	3,766
Accrued interest	324,986	367,411
Derivative liabilities	-	44
Notes payable	-	414,338
Convertible notes payable – related parties	1,200,000	-
Total current liabilities	**2,115,324**	**1,394,359**
Long-term liabilities		
Convertible notes payable - related parties	-	1,200,000
Total long-term liabilities	-	**1,200,000**
Total liabilities	**2,115,324**	**2,594,359**
Stockholders' equity (deficit)		
Series C Convertible Preferred Stock, $10 par value, 100,000 shares authorized; 85,561 issued and outstanding as of December 31, 2017 and 85,646 issued and outstanding as of December 31, 2016	855,610	856,460
Common Stock: $.001 par value; 250,000,000 shares authorized; 113,427,943 issued and 113,423,854 outstanding as of December 31, 2017 and 109,690,387 issued and 109,686,298 outstanding as of December 31, 2016	113,428	109,690
Additional paid-in capital	46,013,982	45,822,570
Treasury stock	(12,039)	(12,039)
Accumulated deficit	(46,868,443)	(47,199,752)
Total stockholders' equity (deficit)	**102,538**	**(423,071)**
Total liabilities and stockholders' equity (deficit)	**$ 2,217,862**	**$ 2,171,288**

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

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Years Ended December 31,	
	2017	2016
Revenues	**$ 6,304,741**	**$ 5,507,853**
Cost of goods sold	**806,038**	**943,579**
Gross profit	**5,498,703**	**4,564,274**
Operating expenses		
Selling, general and administrative expense	5,275,402	3,946,124
Other administrative expense	-	818,665
Depreciation and amortization	80,648	60,883
Bad debt expense	22,207	10,735
Total operating expenses	**5,378,257**	**4,836,407**
Operating income/(loss)	**120,444**	**(272,133)**
Other income / (expense)		
Gain on settlement of debt	286,873	-
Debt forgiveness	50,646	30,592
Change in fair value of derivative liability	44	266
Other income	125	21
Interest expense	(126,825)	(174,493)
Total other income / (expense)	**210,863**	**(143,614)**
Net income/(loss)	**331,309**	**(415,747)**
Series C preferred stock dividends	(139,006)	(261,716)
Net income/(loss) available to common stockholders	**$ 192,303**	**$ (677,463)**
Basic net loss per share of common stock	**$ 0.00**	**$ (0.01)**
Diluted net loss per share of common stock	**$ 0.00**	**$ (0.01)**
Weighted average number of common shares outstanding, basic	111,381,832	108,604,489
Weighted average number of common shares outstanding, diluted	208,645,538	108,604,489

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

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Preferred Stock Series C Shares	$10.00 Par Value Amount	Common Stock Shares	$0.001 Par Value Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Deficit	Total Stockholders' Equity (Deficit)
Balance at December 31, 2015	80,218	$ 802,180	107,274,816	$ 107,274	$ 44,615,321	(4,089)	$ (12,039)	$ (46,784,005)	$ (1,271,269)
Issuance of Common stock for:									
Services	-	-	1,316,667	1,317	56,183	-	-	-	57,500
Conversion of Series C Preferred Stock	(1,000)	(10,000)	1,000,000	1,000	9,000	-	-	-	-
Series C Dividend	-	-	98,904	99	(99)	-	-	-	-
Issuance of Preferred stock for:									
Cash	6,428	64,280	-	-	385,720	-	-	-	450,000
Recognition of vesting stock	-	-	-	-	(2,220)	-	-	-	(2,220)
Warrant expense	-	-	-	-	758,665	-	-	-	758,665
Net Loss	-	-	-	-	-	-	-	(415,747)	(415,747)
Balance at December 31, 2016	85,646	$ 856,460	109,690,387	$ 109,690	$ 45,822,570	(4,089)	$ (12,039)	$ (47,199,752)	$ (423,071)
Issuance of Common stock for:									
Services	-	-	1,600,000	1,600	58,650	-	-	-	60,250
Conversion of Series C Preferred Stock	(800)	(8,000)	800,000	800	7,200	-	-	-	-
Series C Dividend	-	-	137,556	138	(138)	-	-	-	-
Common stock issued for settlement of debt	-	-	1,200,000	1,200	82,800	-	-	-	84,000
Issuance of Preferred stock for:	-	-	-	-	-	-	-	-	-
Cash	715	7,150	-	-	42,900	-	-	-	50,050
Net income	-	-	-	-	-	-	-	331,309	331,309
Balance at December 31, 2017	85,561	$ 855,610	113,427,943	$ 113,428	$ 46,013,982	(4,089)	$ (12,039)	$ (46,868,443)	$ 102,538

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

WOUND MANAGEMENT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Twelve Months Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Net income/(loss)	$ 331,309	$ (415,747)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	80,648	60,883
Forgiveness of debt	(50,646)	30,592
Gain on settlement of debt	(286,873)	-
Bad debt expense	22,207	10,735
Inventory obsolescence	57,483	152,547
Common stock issued for services	60,250	55,280
(Gain) loss on change in fair value of derivative liabilities	(44)	(266)
Warrant expense	-	758,665
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(64,413)	(503,233)
(Increase) decrease in royalties receivable	-	150,750
(Increase) decrease in inventory	(420,423)	(91,226)
(Increase) decrease in prepaids and other assets	(6,492)	94,227
Increase (decrease) in accrued royalties and dividends	(32,494)	(46,146)
Increase (decrease) in accounts payable	26,942	15,877
Increase (decrease) in accounts payable related parties	(33,655)	72,556
Increase (decrease) in accrued liabilities	60,454	-
Increase (decrease) in accrued interest payable	115,885	63,751
Net cash flows provided by (used in) operating activities	**(139,862)**	**409,245**
Cash flows from investing activities:		
Purchase of property and equipment	(43,895)	(3,029)
Purchase of intangible assets	(41,980)	-
Net cash flows used in investing activities	(85,875)	(3,029)
Cash flows from financing activities:		
Payments on capital lease obligation	(3,766)	(4,711)
Payments on debt	(190,838)	(200,362)
Cash proceeds from sale of series C preferred stock	50,050	450,000
Net cash flows (used in) provided by financing activities	(144,554)	244,927
Net increase (decrease) in cash	(370,291)	651,143
Cash and cash equivalents, beginning of period	833,480	182,337
Cash and cash equivalents, end of period	$ 463,189	$ 833,480
Cash paid during the period for:		
Interest	$ 10,937	$ 49,559
Income taxes	-	-
Supplemental non-cash investing and financing activities:		
Common stock issued for Series C dividends	$ 137	$ 99
Common stock issued for conversion of Series C Preferred Stock	8,000	10,000
Issuance of vested stock	-	167

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

NOTE 1 – NATURE OF OPERATIONS

Wound Management Technologies, Inc. was incorporated in the State of Texas in December 2001 as MB Software, Inc. In May 2008, MB Software, Inc. changed its name to Wound Management Technologies, Inc. The Company distributes collagen-based wound care products to healthcare providers such as physicians, clinics and hospitals.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The terms “the Company,” “we,” “us” and “WMT” are used in this report to refer to Wound Management Technologies, Inc. The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of WMT and its wholly-owned subsidiaries: Wound Care Innovations, LLC a Nevada limited liability company (“WCI”); Resorbable Orthopedic Products, LLC, a Texas limited liability company (“Resorbable); and Innovate OR, Inc. (“InnovateOR”) formerly referred to as BioPharma Management Technologies, Inc., a Texas corporation (“BioPharma”). All intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES IN FINANCIAL STATEMENT PREPARATION

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting period. On a regular basis, management evaluates these estimates and assumptions. Actual results could differ from those estimates.

CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES

The Company considers all highly liquid debt investments purchased with an original maturity of three months or less to be cash equivalents. Marketable securities include investments with maturities greater than three months but less than one year. For certain of the Company’s financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities, and amounts due to related parties, the carrying amounts approximate fair value due to their short maturities.

INCOME / LOSS PER SHARE

The Company computes income/loss per share in accordance with Accounting Standards Codification “ASC” Topic No. 260, “Earnings per Share,” which requires the Company to present basic and dilutive income/loss per share when the effect is dilutive. Basic income/loss per share is computed by dividing income/loss available to common stockholders by the weighted average number of common shares available. Diluted income/loss per share is computed similar to basic income/loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive.

The calculation of basic and diluted net loss per share for the years ended December 31, 2017 and 2016 are as follows:

	2017	2016
Basic net income (loss) per share:		
Numerator:		
Net income (loss)	$ 331,309	$ (415,747)
Denominator:		
Weighted-average common shares outstanding	111,381,832	108,604,489
Basic net income (loss) per share	$ 0.00	$ (0.01)
Diluted net income (loss) per share:		
Numerator:		
Net income (loss)	$ 331,309	$ (415,747)
Series C dividends	(139,006)	
Diluted net income (loss)	$ 192,303	$ (415,747)
Denominator:		
Weighted-average common shares outstanding	111,381,832	108,604,489
Common stock warrants	694,834	-
Convertible debt	-	-
Preferred shares	96,568,871	-
Weighted average shares used in computing diluted net income (loss) per share	208,645,538	108,604,489
Diluted net income (loss) per share	$ 0.00	$ (0.00)

The following table summarizes the potential shares of common stock that were excluded from the computation of diluted net loss per share for the years ended December 31, 2017 and 2016 as such shares would have had an anti-dilutive effect:

	2017	2016
Preferred shares	-	92,915,071
Convertible debt	19,890,414	18,082,186

REVENUE RECOGNITION

In accordance with the guidance in “ASC” Topic No. 605, “Revenue Recognition,” the Company recognizes revenue when (a) persuasive evidence of an arrangement exists, (b) delivery has occurred or services have been rendered, (c) the fee is fixed or determinable, and (d) collectability is reasonable assured. Revenue is recognized upon delivery. Revenue is recorded on the gross basis, which includes handling and shipping, because the Company has risks and rewards as a principal in the transaction based on the following: (a) the Company maintains inventory of the product, (b) the Company is responsible for order fulfillment, and (c) the Company establishes the price for the product. The Company recognizes royalty revenue in the period the royalty bearing products are sold.

The Company recognizes revenue based on bill and hold arrangements when the seller has transferred to the buyer the significant risks and rewards of ownership of the goods; the seller does not retain effective control over the goods or continuing managerial involvement to the degree usually associated with ownership; the amount of revenue can be measured reliably; it is probable that the economic benefits of the sale will flow to the seller; any costs incurred or to be incurred related to the sale can be measured reliably; it is probable that delivery will be made; the goods are on hand, identified, and ready for delivery; the buyer specifically acknowledges the deferred delivery instructions; and the usual payment terms apply.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company establishes an allowance for doubtful accounts to ensure accounts receivable are not overstated due to uncollectability. Bad debt reserves are maintained based on a variety of factors, including the length of time receivables are past due and a detailed review of certain individual customer accounts. If circumstances related to customers change, estimates of the recoverability of receivables would be further adjusted. The Company recorded bad debt expense of $22,207 and $10,735 in 2017 and 2016, respectively. The allowance for doubtful accounts at December 31, 2017 was $28,910 and the amount at December 31, 2016 was $21,947.

INVENTORIES

Inventories are stated at the lower of cost or net realizable value, with cost computed on a first-in, first-out basis. Inventories consist of finished goods, powders, gels and the related packaging supplies. The Company recorded inventory obsolescence expense of $57,483 in 2017 and $152,547 in 2016. The allowance for obsolete and slow-moving inventory had a balance of $144,996 and $153,023 at December 31, 2017 and December 31, 2016, respectively.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Depreciation is computed utilizing the straight-line method over the estimated economic life of the assets, which ranges from five to ten years. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period. As of December 31, 2017, fixed assets consisted of $120,162 including furniture and fixtures, computer equipment, phone equipment and the Company websites. As of December 31, 2016, fixed assets consisted of $76,267 including furniture and fixtures, computer equipment, phone equipment and the Company websites. The depreciation expense recorded in 2017 was $15,623 and the depreciation expense recorded in 2016 was $9,852. The balance of accumulated depreciation was $56,951 and $41,328 at December 31, 2017 and December 31, 2016, respectively. The Company paid $43,895 to acquire fixed assets during 2017.

INTANGIBLE ASSETS

As of December 31, 2017, and 2016 intangible assets include a patent acquired in 2009 with a historical cost of $510,310. The patent is being amortized over its estimated useful life of 10 years using the straight-line method. Amortization expense recognized was $65,025 and $51,031 during 2017 and 2016. In 2017, the Company put into service a business software. The costs to implement this software which totaled $41,980 are included in intangible assets and are being amortized over the initial term of the license which is three years.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets and certain identifiable intangibles to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company continuously evaluates the recoverability of its long-lived assets based on estimated future cash flows and the estimated liquidation value of such long-lived assets and provides for impairment if such undiscounted cash flows are insufficient to recover the carrying amount of the long-lived assets. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, undiscounted cash flows or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. There was no impairment recorded during the years ended December 31, 2017 and 2016.

FAIR VALUE MEASUREMENTS

As defined in Accounting Standards Codification (“ASC”) Topic No. 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). This fair value measurement framework applies at both initial and subsequent measurement.

The three levels of the fair value hierarchy defined by ASC Topic No. 820 are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives, marketable securities and listed equities.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reported date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Instruments in this category generally include non-exchange-traded derivatives such as commodity swaps, interest rate swaps, options and collars.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

At December 31, 2016 and 2015, the Company's financial instruments consist of the derivative liabilities related to stock purchase warrants which were valued using the Black-Scholes Option Pricing Model, a level 3 input.

Our intangible assets have also been valued using the fair value accounting treatment and a description of the methodology used, including the valuation category, is described below in Note 5 "Intangible Assets."

The following table sets forth by level within the fair value hierarchy the Company's financial assets and liabilities that were accounted for at fair value as of December 31, 2017 and 2016.

Recurring Fair Value Measure	Level 1	Level 2	Level 3	Total
Liabilities				
Derivative Liabilities as of December 31, 2017	$ -	$ -	$ -	$ -
Derivative Liabilities as of December 31, 2016	$ -	$ -	$ 44	$ 44

DERIVATIVES

The Company entered into derivative financial instruments to manage its funding of current operations. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately.

INCOME TAXES

Income taxes are accounted for under the asset and liability method, whereby deferred income taxes are recorded for temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets and liabilities reflect the tax rates expected to be in effect for the years in which the differences are expected to reverse. A valuation allowance is provided if it is more likely than not that some or all, of the deferred tax asset will not be realized.

BENEFICIAL CONVERSION FEATURE OF CONVERTIBLE NOTES PAYABLE

The convertible feature of certain notes payable provides for a rate of conversion that is below the market value of the Company's common stock. Such a feature is normally characterized as a "Beneficial Conversion Feature" ("BCF"). In accordance with ASC Topic No. 470-20-25-4, the intrinsic value of the embedded beneficial conversion feature present in a convertible instrument shall be recognized separately at issuance by allocating a portion of the debt equal to the intrinsic value of that feature to additional paid in capital. When applicable, the Company records the estimated fair value of the BCF in the consolidated financial statements as a discount from the face amount of the notes. Such discounts are accreted to interest expense over the term of the notes using the effective interest method.

ADVERTISING EXPENSE

In accordance with ASC Topic No. 720-35-25-1, the Company recognizes advertising expenses the first time the advertising takes place. Such costs are expensed immediately if such advertising is not expected to occur.

SHARE-BASED COMPENSATION

The Company accounts for stock-based compensation to employees in accordance with FASB ASC 718. Stock-based compensation to employees is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite employee service period. The Company accounts for stock-based compensation to other than employees in accordance with FASB ASC 505-50. Equity instruments issued to other than employees are valued at the earlier of a commitment date or upon completion of the services, based on the fair value of the equity instruments and is recognized as expense over the service period. The Company estimates the fair value of stock-based payments using the Black-Scholes option-pricing model for common stock options and warrants and the closing price of the Company's common stock for common share issuances.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to current period presentation.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers which is to be effective for reporting periods beginning after December 15, 2017. The Company has reviewed the pronouncement and believes it will not have a material impact on the Company's financial position, operations or cash flows.

In February 2016, the FASB issued ASC 842 Leases which is to be effective for reporting periods beginning after December 15, 2018. The Company is currently reviewing any impact that it will have on the Company's financial position, operations or cash flows.

NOTE 3 – OTHER SIGNIFICANT TRANSACTIONS

Evolution Partners LLC Letter Agreement and Termination Agreement

On October 10, 2017, Wound Management Technologies, Inc. (the "Company") and Evolution Venture Partners LLC ("EVP") entered into a termination agreement (the "Termination Agreement") terminating, effective as of September 29, 2017, that certain letter agreement dated April 26, 2016, (the "Agreement"), by and between the Company, EVP, and Middlebury Securities, LLC ("Middlebury"). Middlebury terminated its charter on or about July 27, 2016, and therefore is not a party to the Termination Agreement. The Agreement had an initial term of one year (with an automatic six-month renewal term) and provided for:

- A $60,000 consulting fee payable upon execution of the Agreement, refundable only upon cancellation of the Agreement by EVP during the initial one-year term.
- A success fee in an amount equal to 5% of the transaction value of any strategic transaction.
- A selling fee equal to 3% of the gross proceeds of any debt financing transaction or 5% of the gross proceeds of any equity financing transaction.
- The issuance to EVP of a warrant (the "Warrant") for the purchase of 60,000,000 shares of the Company's common stock, par value $0.001 per share ("Common Stock"), at an exercise price of $0.12 per share.

The total amount of the consulting fee and warrant expense was $818,665 and is recognized in 2016 as "Other administrative expenses" in the Consolidated Statement of Operations.

As of the termination date, there were no Financing Transactions or Strategic Transactions (as defined in the Agreement) being considered by the Company and no such transactions occurred.

Pursuant to the Termination Agreement, EVP canceled the Warrant in exchange for the Company's issuance to EVP of 750,000 shares of the Company's Common Stock. There was no incremental increase in the fair value of the modified stock-based compensation award as of the modification date and accordingly, no additional compensation cost was recognized.

NOTE 4 – NOTES PAYABLE

CONVERTIBLE NOTES PAYABLE – RELATED PARTIES

Funds are advanced to the Company from various related parties as necessary to meet working capital requirements. Below is a summary of outstanding convertible notes due to related parties, including accrued interest separately recorded, as of December 31, 2017 and 2016:

Related Party	Nature of Relationship	Term of the agreement	Principal amount	Accrued Interest 2017	Accrued Interest 2016
S. Oden Howell Revocable Trust ("HRT")	Mr. S. Oden Howell, Jr. became a member of the Board of Directors in June of 2015	The note is secured, bears interest at 10% per annum, matures June 15, 2018, and is convertible into shares of the Company's Series C Convertible Preferred Stock at a conversion price of $70.00 per share at any time prior to maturity.	$ 600,000	$ 162,493	$ 96,164
James W. Stuckert Revocable Trust ("SRT")	Mr. James W. Stuckert became a member of the Board of Directors in September of 2015	The note is secured, bears interest at 10% per annum, matures June 15, 2018, and is convertible into shares of the Company's Series C Convertible Preferred Stock at a conversion price of $70.00 per share at any time prior to maturity.	$ 600,000	$ 162,493	$ 96,164
Total			$ 1,200,000	$ 324,986	$ 192,328

On June 15, 2015, the Company entered into term loan agreements with The James W. Stuckert Revocable Trust ("SRT) and The S. Oden Howell Revocable Trust ("HRT"), pursuant to which SRT made a loan to the Company in the amount of $600,000 and HRT made a loan to the Company in the amount of $600,000 under Senior Secured Convertible Promissory Notes (the "Notes"). Both SRT and HRT are controlled by affiliates of the Company. The Notes each carry an interest rate of 10% per annum, and (subject to various default provisions) all unpaid principal and accrued but unpaid interest under the Notes is due and payable on June 15, 2018. The Notes may be prepaid in whole or in part upon ten days' written notice, and all unpaid principal and accrued interest under the Notes may be converted, at the option of SRT and HRT, into shares of the Company's Series C Convertible Preferred Stock at a conversion price of $70.00 per share at any time prior to maturity."). The Company's obligations under the two notes are secured by all the assets of the Company and its subsidiaries.

NOTES PAYABLE

The following is a summary of amounts due to unrelated parties, including accrued interest separately recorded, as of December 31, 2017 and 2016:

		Principal Amount		Accrued Interest	
Note Payable	**Terms of the agreement**	**2017**	**2016**	**2017**	**2016**
March 4, 2011 Note Payable	223,500 note payable; (i) interest accrues at 13% per annum; (ii) maturity date of September 4, 2011; (iii) $20,000 fee due at maturity date with a $1,000 per day fee for each day the principal and interest is late. This note was settled in full on November 1, 2017 (see Note 11 "Legal Proceedings")	$ -	$ 223,500	$ -	$ 147,373
Third Quarter 2012 Secured Subordinated Promissory Notes	Three notes in the aggregate principal amount of $110,000; (i) interest accrues at 5% per annum; (ii) maturity date of October 12, 2012; (iii) after the maturity date interest shall accrue at 18% per annum and the company shall pay to the note holders on a pro rata basis, an amount equal to twenty percent of the sales proceeds received by the Company and its subsidiary, WCI, from the sale of surgical powders, until such time as the note amounts have been paid in full. As of December 31, 2017, all of these notes have been repaid in full.	$ -	$ 104,571	$ -	$ 8,200
September 28, 2012 Promissory Note	$51,300 note payable (i) interest accrues at 10% per annum; (ii) original maturity date of December 31, 2012; (iii) default interest rate of 15% per annum. As of December 31, 2017, the note is paid in full.	$ -	$ 11,300	$ -	$ 19,510
Quest Capital Investors, LLC	Furniture purchase agreement in the original amount of $11,700 with $300 payments due each month. Secured by fixed assets of the Company. As of December 31, 2017, the note is paid in full.	$ -	$ 300	$ -	$ -
May 28, 2015 Promissory Note	$96,000 note payable (i) interest accrues at 10% per annum; (ii) original maturity date of May 28, 2016; (iii) amended maturity date of June 30, 2017. As of December 31, 2017, the note is paid in full.	$ -	$ 74,667	$ -	$ -
Total		**$ -**	**$ 414,338**	**$ -**	**$ 175,083**

During the year ended December 31, 2016, the Company paid $26,762 principal and $49,559 in accrued interest for three of the non-related party notes. In June and July of 2016, two of the parties' notes were amended and they agreed to forgive a portion of the accrued interest in the amounts of $22,943 and $7,649 for a total of $30,592.

During 2017, the WMTI reached an agreement to settle an outstanding payable with WellDyne Health, LLC, ("WellDyne"), a third party that had provided shipping and consulting services on behalf of the Company effective through September 19, 2015. As part of that settlement, WellDyne forgave $39,709 of the outstanding payable.

During 2017, the Company paid a total of $190,838 principal to three non-related party note holders and reached an agreement with them to forgive $10,937 in accrued interest. As a result, all three notes were paid in full. The Company also settled $223,500 note payable and $147,373 accrued interest in Common Stock, see note 11.

NOTE 5 – INTANGIBLE ASSETS

Patent

On September 29, 2009, the Company entered into an Asset Purchase Agreement (the "Agreement"), whereby the Company acquired a patent from in exchange for 500,000 shares of the Company's common stock and the assumption of a legal fee payable in the amount of $47,595 which is related to the patent. Based on the guidance in ASC Topic No. 350-30, the patent was recorded as an intangible asset of $462,715, or approximately $.93 per share plus $47,595 for the assumed liability. The intangible asset is being amortized over an estimated ten-year useful life.

Software Implementation

In 2017, the Company put into service a business software. The costs to implement this software which totaled $41,980 are included in intangible assets and are being amortized over the initial term of the license which is three years.

The activity for the intangible assets is summarized below:

Cost	Patent	Software	Total
Balance at December 31, 2016	$ 510,310	$ -	$ 510,310
Implementation costs		41,980	41,980
Balance at December 31, 2017	$ 510,310	$ 41,980	$ 552,290
Accumulated amortization			
Balance at December 31, 2016	$ 369,974	$ -	$ 369,974
Amortization expense	51,032	13,993	65,025
Balance at December 31, 2017	$ 421,006	$ 13,993	$ 434,999
Net carrying amount			
Balance at December 31, 2016	$ 140,336	$ -	$ 140,336
Balance at December 31, 2017	$ 89,304	$ 27,987	$ 117,291

NOTE 6 – CUSTOMERS AND SUPPLIERS

The Company had one significant customer which accounted for approximately 16% of the Company's sales in 2017 and had two significant customers which accounted for approximately 18% and 14% of the Company's sales in 2016. The loss of the sales generated by these customers would have a significant effect on the operations of the Company.

The Company purchases all raw materials inventory for its principal product from one vendor. If this vendor became unable to provide materials in a timely manner and the Company was unable to find alternative vendors, the Company's business, operating results and financial condition would be materially adversely affected.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

ROYALTY AGREEMENTS

Effective January 3, 2008, WCI entered into separate exclusive license agreements with both Applied Nutritionals, LLC ("Applied") and its founder George Petito ("Petito"), pursuant to which WCI obtained the exclusive world-wide license to make products incorporating intellectual property covered by a patent related to CellerateRX products. The licenses are limited to the human health care market, (excluding dental and retail) for external wound care (including surgical wounds) and include any new product developments based on the licensed patent and processes and any continuations. Although the term of these licenses expired on February 27, 2018, the agreements permit WCI to continue to sell and distribute products for a period not exceeding six (6) months from the effective termination date.

In consideration for the licenses, WCI agreed to pay Applied and Petito, (in the aggregate), the following royalties, beginning January 3, 2008: (a) an advance royalty of $100,000; (b) a royalty of 15% of gross sales occurring during the first year of the license; (c) an additional advance royalty of $400,000 on January 3, 2009; plus (d) a royalty of 3% of gross sales for all sales occurring after the payment of the $400,000 advance royalty. In addition, WCI must maintain a minimum aggregate annual royalty payment of $375,000 for 2009 and thereafter if the royalty percentage payments made do not meet or exceed that amount. The amounts listed in the two preceding sentences are the aggregate of amounts paid/owed to Applied and Petito) and the Company has paid the minimum aggregate annual royalty payments each year since 2008, including both 2017 and 2016. Sales of CellerateRX occurring after the termination date are subject to the 3% royalty. The total unpaid royalties as of December 31, 2017 and 2016, is $244,422 and $276,916, respectively.

On September 29, 2009, the Company entered into an Asset Purchase Agreement (the "Asset Purchase Agreement"), by and among the Company, RSI-ACQ, LLC, a wholly-owned subsidiary of the Company (RSI), Resorbable Orthopedic Products, LLC ("Resorbable") and Resorbable's members, pursuant to which, RSI acquired substantially all of Resorbable's assets, in exchange for (i) 500,000 shares of the Company's common stock, and (ii) a royalty equal to eight percent (8%) of the net revenues generated from products sold by the Company or any of its affiliates, which products are developed from or otherwise utilize any of the patented technology acquired from Resorbable. The royalty is paid to Barry Constantine Consultant LLC for distribution to the original patent holders, (including Mr. Constantine) and/or their heirs.

PREPAID FROM INVENTORY CONTRACT

In November of 2016, ROP entered into a contract with the contract manufacturer of HemaQuell® product to purchase $13,787 of product. This amount was recorded as an asset in the "Prepaid and Other Assets" account at December 31, 2016, based on the contractual obligation of the parties.

OFFICE LEASE

The Company's corporate office is located at 1200 Summit Avenue, Suite 414, Fort Worth, TX 76102. The lease was entered into in March of 2017, with an effective date of May 1, 2017. The lease expires on the last day of the fiftieth (50th) full calendar month following the effective date (June 30, 2021). Monthly base rental payments are as follows: months 1-2, $0; months 3-14, $7,250; months 15-26, $7,401; months 27-38, $7,552; and months 39-50, $7,703.

PAYABLES TO RELATED PARTIES

As of December 31, 2017, and 2016, the Company had outstanding payable to related parties totaling $60,000 and $93,655, respectively. The payables are unsecured, bear no interest and due on demand.

NOTE 8 – STOCKHOLDERS' EQUITY

PREFERRED STOCK

There are currently 5,000,000 shares of Series A Preferred Stock authorized, with no shares of Series A Preferred Stock issued or outstanding as of December 31, 2017 and 2016.

Effective June 24, 2010, the Company filed a Certificate of Designations, Number, Voting Power, Preferences and Rights of Series B Convertible Redeemable Preferred Stock (the "Certificate") with the Texas Secretary of State, designating 7,500 shares of Series B Preferred Stock, par value $10.00 per share (the "Series B Shares"). The Series B Shares rank senior to shares of all other common and preferred stock with respect to dividends, distributions, and payments upon dissolution. Each of the Series B Shares is convertible at the option of the holder into shares of common stock as provided in the Certificate. There were no Series B Shares issued or outstanding as of December 31, 2017 and 2016.

On October 11, 2013, the Company filed a Certificate of Designations, Number, Voting Power, Preferences and Rights of Series C Convertible Preferred Stock (the "Certificate of Designations"), under which it designated 100,000 shares of Series C Preferred Stock, par value $10.00. The Series C Preferred Stock is entitled to accruing dividends (payable, at the Company's options, in either cash or stock) of 5% per annum until October 10, 2016, and 3% per annum until October 10, 2018.

The Series C Preferred Stock is senior to the Company's common stock and any other currently issued series of the Company's preferred stock upon liquidation and is entitled to a liquidation preference per share equal to the original issuance price of such shares of Series C Preferred Stock together with the amount of all accrued but unpaid dividends thereon. Each of the Series C Shares is convertible at the option of the holder into 1,000 shares of common stock as provided in the Certificate. Additionally, each holder of Series C Preferred Stock shall be entitled to vote on all matters submitted for a vote of the holders of Common Stock a number of votes equal to the number of full shares of Common Stock into which such holder's Series C shares could then be converted. As of December 31, 2017, and December 31, 2016, there were 85,561 and 85,646 shares of Series C Preferred Stock issued and outstanding, respectively.

During the year ended December 31, 2016, the Company issued 6,428 shares of Series C preferred stock to Directors of the Company for cash proceeds of $450,000.

On March 10, 2017, the Company issued 715 shares of Series C preferred stock in exchange for cash in the amount of $50,050.

During 2017, one shareholder converted 800 shares of Series C preferred stock and dividend of $9,692 to common stock of 937,556 shares.

Series C preferred stock dividends were $139,006 and $261,716 for the years ended December 31, 2017 and December 31, 2016, respectively. As of December 31, 2017, the aggregate outstanding accumulated arrearages of cumulative dividends was $909,557, ($10.63 per share). As of the date of this filing, $1,060,098 Series C preferred stock dividends have been converted to 15,144,247 shares of common stock at $0.07 per share.

On November 13, 2013, the Company filed a Certificate of Designations, Number, Voting Power, Preferences and Rights of Series D Convertible Preferred Stock (the “Certificate of Designations”), under which it designated 25,000 shares of Series D Preferred Stock. Shares of Series D Preferred Stock are not entitled to any preference with respect to dividend or upon liquidation and will automatically convert (at a ratio of 1,000-to-1) into shares of the Company’s common stock, par value $0.001 upon approval of the Company’s stockholders (and filing of) and amendment to the Company’s Certificate of Incorporation increasing the number of authorized shares of Common Stock from 100,000,000 to 250,000,000. On September 3, 2014, the Company increased its authorized common stock to 250,000,000 shares. As a result, all outstanding Series D preferred shares were converted to common stock.

In November of 2013, the Company granted an aggregate of 15,000 shares of Series D preferred stock to employees and nonemployees for services. 9,000 of the shares were granted to employees and vested immediately upon grant; 4,000 shares were granted to a nonemployee and vested immediately upon grant; 1,000 of the shares were granted to an employee and vested in equal tranches over three years through October 1, 2016; and 1,000 of the shares were granted to a nonemployee and vested in equal tranches over three years through September 15, 2016. The aggregate fair value of the awards was determined to be $1,046,669 of which $925,787 was recognized during the year ended December 31, 2013; $79,318 was recognized during the year ended December 31, 2014; $6,628, (net forfeitures of $19,173) was recognized during the year ended December 31, 2015; and $8,109 was recognized during the year ended December 31, 2016. As of October 1, 2016, all shares have vested, no further expense is to be recognized.

During the year ended December 31, 2014, the Company granted an aggregate of 1,445 shares of Series D preferred stock to three nonemployees which vested immediately upon grant. The aggregate fair value of the awards was determined to be $157,050 which was recognized during the year ended December 31, 2014 and no further expense is to be recognized.

On September 3, 2014, the Company increased its authorized common stock to 250,000,000 shares. Accordingly, the 16,545 outstanding shares of Series D preferred stock were automatically converted into 16,545,000 common shares.

As of December 31, 2017, and December 31, 2016 there were no shares of Series D Preferred Stock issued and outstanding.

On May 30, 2014, the Company filed a Certificate of Designations, Number, Voting Power, Preferences and Rights of Series E Convertible Preferred Stock (The “Certificate of Designations”), under which it designated 5,000 shares of Series E Preferred Stock. Shares of Series E Preferred Stock are not entitled to any preference with respect to dividends or upon liquidation, and will automatically convert (at a ratio of 1,000 shares of Common Stock for every one share of Series E Preferred Stock) into shares of the Company’s common stock, $0.001 par value upon approval of the Company’s stockholders (and filing of) and amendment to the Company’s Certificate of Incorporation increasing the number of authorized shares of Common Stock from 100,000,000 to 250,000,000. As of December 31, 2017, there were no shares of Series E Preferred Stock issued and outstanding.

The Company evaluated the Series C preferred stock under FASB ASC 815 and determined that they do not qualify as derivative liabilities. The Company then evaluated the Series C preferred stock for beneficial conversion features under FASB ASC 470-30 and determined that none existed.

COMMON STOCK

On September 3, 2014, the Company held a stockholders meeting. The stockholders approved an amendment to the Company’s Articles of Incorporation to increase the authorized shares of common stock of the Company from 100,000,000 to 250,000,000.

On March 31, 2016 the Company issued 1,098,904 shares of common stock in conversion of 1,000 shares of Series C Preferred stock and $6,924 of related dividends.

On October 26, 2016, the Company issued 1,150,000 shares of common stock valued at $57,500 to employees. During the year ended December 31, 2016, an aggregate of 499,967 common shares were issued upon the vesting of previously granted stock awards and the Company recorded a net reversal of $2,220 of stock-based compensation related to the amortization of stock awards to employees and nonemployees net of reversal of the unvested portion of forfeited awards.

On October 26, 2016, the Company agreed to grant three tranches of shares of common stock, 250,000, 250,000, and 250,000 to a sales consultant which are to be earned upon meeting specific performance measures agreed upon. The measures include achieving three specific sales targets per month for 3 consecutive months. The first one of these was earned January 31st, 2017, and 250,000 shares were granted in March 2017.

During the year ended December 31, 2016, an aggregate of 166,667 shares of fully vested common stock under previously issued stock awards was returned and cancelled. The share cancellation was recognized at par value.

On March 9, 2017, the Company issued 150,000 shares of common stock to each of the Company's then four Board Directors, (a total of 600,000 shares valued at $42,000).

On March 10, 2017, the Company issued 250,000 shares of common stock valued at $18,250 to a contract consultant upon achievement of specified revenue targets which occurred January 31, 2017.

On July 31, 2017, the Company issued 937,556 shares of common stock for the conversion of 800 shares of Series C Convertible Preferred Stock and $9,629 of related Series C dividends

On November 22, 2017, the Company issued 1,200,000 shares of common stock valued at $84,000 for settlement of debt (see NOTE 11 below for a discussion of the settlement).

On November 22, 2017, the Company issued 750,000 shares of common stock valued at $0 to a contract consultant upon termination of contract (see NOTE 3 above for a discussion of the termination).

WARRANTS

At December 31, 2017, there were 5,100,000 warrants outstanding with a weighted average exercise price of $0.06. At December 31, 2016, there were 67,246,300 warrants outstanding with a weighted average exercise price of $0.12.

A summary of the status of the warrants granted at December 31, 2017 and 2016, and changes during the years then ended is presented below:

For the Year Ended December 31, 2017

	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	67,246,300	$ 0.12
Granted	-	-
Exercised	-	-
Forfeited	(60,051,300)	0.12
Expired	(2,095,000)	0.13
Outstanding at end of period	5,100,000	$ 0.06

For the Year Ended December 31, 2016

	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	9,736,844	$ 0.19
Granted	60,000,000	0.12
Exercised	-	-
Forfeited	-	-
Expired	(2,490,544)	0.60
Outstanding at end of period	67,246,300	$ 0.12

The following table summarizes the outstanding warrants as of December 31, 2017:

Warrants Outstanding			Warrants Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contract Life	Weighted- Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 0.06	4,500,000	1	$ 0.06	4,500,000	$ 0.06
0.08	200,000	1	0.08	200,000	0.08
0.09	400,000	1	0.09	400,000	0.09
$ 0.06 -0.09	5,100,000	1	$ 0.06	5,100,000	$ 0.06

The following table summarizes the outstanding warrants as of December 31, 2016:

Warrants Outstanding			Warrants Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contract Life	Weighted- Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 0.06	4,500,000	2	$ 0.06	4,500,000	$ 0.06
0.08	550,000	1	0.08	550,000	0.08
0.09	625,000	1	0.09	625,000	0.09
0.12	60,000,000	4	0.12	12,000,000	0.12
0.15	1,571,300	1	0.15	1,571,300	0.15
$ 0.06 -.15	67,246,300	4	$ 0.12	19,246,300	$ 0.12

STOCK OPTIONS

A summary of the status of the stock options granted for the years ended December 31, 2017 and 2016, and changes during the period then ended is presented below:

For the Year Ended December 31, 2017

	Options	Weighted Average Exercise Price
Outstanding at beginning of period	1,093,500	$ 0.15
Granted	1,150,000	0.06
Exercised	-	-
Forfeited	(150,000)	(a)
Expired	(943,500)	0.15
Outstanding at end of period	1,150,000	$ 0.06

For the Year Ended December 31, 2016

	Options	Weighted Average Exercise Price
Outstanding at beginning of period	1,093,500	$ 0.15
Granted	-	-
Exercised	-	-
Forfeited	-	-
Expired	-	-
Outstanding at end of period	1,093,500	$ 0.15

(a) On January 1, 2015, the Company granted three tranches of options, 25,000, 25,000, and 100,000 which vest upon meeting specific performance measures. The measures include achieving three specific sales targets per month for 3 consecutive months. The exercise price and expiration date of each tranche will be set upon achieving the targets. As of the date of this filing the performance measures have not been met. As a result, the exercise price is undetermined and these options are excluded from the calculation of weighted average remaining life. As of December 31, 2017, the options were forfeited.

On December 31, 2017, the Company granted a total of 1,150,000 options to five employees. The shares vest in equal annual amounts over three years and the aggregate fair value of the awards was determined to be $61,322 and no expense was recognized.

The following table summarizes the outstanding options as of December 31, 2017:

As of December 31, 2017			As of December 31, 2017		
Stock Options Outstanding			Stock Options Exercisable		
Exercise Price	Number Outstanding	Weighted-Average Remaining Contract Life	Weighted- Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 0.06	1,150,000	5	$ 0.06	-	$ -

The following table summarizes the outstanding options as of December 31, 2016:

As of December 31, 2016			As of December 31, 2016		
Stock Options Outstanding			Stock Options Exercisable		
Exercise Price	Number Outstanding	Weighted-Average Remaining Contract Life	Weighted- Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ 0.15	943,500	1.75	$ 0.15	943,500	$ 0.15
(a)	150,000	-	-	-	-
$ 0.15	1,093,500	1.63	$ 0.15	943,500	$ 0.15

(a) On January 1, 2015, the Company granted three tranches of options, 25,000, 25,000, and 100,000 which vest upon meeting specific performance measures. The measures include achieving three specific sales targets per month for 3 consecutive months. The exercise price and expiration date of each tranche will be set upon achieving the targets. As of the date of this filing the performance measures have not been met. As a result, the exercise price is undetermined and these options are excluded from the calculation of weighted average remaining life. As of December 31, 2017, the options were forfeited.

NOTE 9 – DERIVATIVE LIABILITIES

During 2017 and 2016, the Company had outstanding common stock warrants that contained anti-dilution provisions including provisions for the adjustment of the exercise price if the Company issues common stock or common stock equivalents at a price less than the exercise price. In addition, the Company also had outstanding convertible notes payable to various lenders that were convertible at discounts ranging from 30% to 50% of the fair market value of the Company's common stock.

As of December 31, 2017, the Company did not have a sufficient number of common shares authorized to fulfill the possible exercise of all outstanding warrants and the conversion of all outstanding convertible notes payable. As a result, the Company determined that the warrants and the embedded beneficial conversion features of the debt instruments do not qualify for equity classification. Accordingly, the warrants and conversion options are treated as derivative liabilities and are carried at fair value. As of December 31, 2017, no outstanding common stock warrants with anti-dilution provision remained outstanding.

The Company estimates the fair value of the derivative warrant liabilities by using the Black-Scholes Option Pricing Model and the derivative liabilities related to the conversion features in the outstanding convertible notes using the Black-Scholes Option Pricing Model assuming maximum value, a Level 3, input, with the following assumptions used:

Year	2017	2016
Dividend yield:	0%	0%
Expected volatility	127.73% to 0%	146.67 to 110.19%
Risk free interest rate	0.00 to 1.07%	0.00 to 1.07%
Expected life (years)	0.00 to 0.00	0.00 to 0.56

The following table sets forth the changes in the fair value of derivative liabilities for the years ended December 31, 2016 and 2015:

Balance, December 31, 2015	$ (310)
Derivative warrants exchanged for debt	
Loss on change in fair value of derivative liabilities	266
Balance, December 31, 2016	(44)
Loss on change in fair value of derivative liabilities	44
Balance, December 31, 2017	$ -

The aggregate gain (loss) on derivative liabilities for the years ended December 31, 2017 and December 31, 2016 was $44 and $266, respectively.

NOTE 10 – INCOME TAXES

The Company accounts for income taxes in accordance with ASC Topic No. 740, “Income Taxes.” This standard requires the Company to provide a net deferred tax asset or liability equal to the expected future tax benefit or expense of temporary reporting differences between book and tax accounting and any available operating loss or tax credit carry forwards.

A 100% valuation allowance has been provided for all deferred tax assets, as the ability of the Company to generate sufficient taxable income in the future is uncertain.

The unexpired net operating loss carry forward at December 31, 2017 is approximately $34,740,000 with various expiration dates between 2019 and 2037 if not utilized. All tax years starting with 2014 are open for examination.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Tax Act”) significantly revised U.S. corporate income tax law by, among other things, reducing the corporate income tax rate from 34% to 21%. As a result of this effective tax rate change the Net operating loss carry forward as of December 31, 2017, decreased from $11,928,740 to $7,295,315, a decrease of $4,633,425. Because the Company recognizes a valuation allowance for the entire balance, there is no net impact to the Company’s balance sheet or results of operations.

Non-current deferred tax asset:

	2017	2016
Net operating loss carry forwards, (21% as of December 31, 2017 and 34% as of December 31, 2016	$ 7,295,315	$ 11,781,690
Valuation allowance	(7,295,315)	(11,781,690)
Net non-current deferred tax asset	$ -	$ -

Reconciliations of the expected federal income tax benefit based on the statutory income tax rate of 34% to the actual benefit for the years ended December 31, 2017 and 2016 are listed below.

	2017	2016
Expected federal income tax benefit	$ (112,645)	$ 141,354
Goodwill amortization	142,386	142,386
Gain on settlement of debt	114,757	-
NOL carryover reduced by settlement of debt	(114,403)	-
Change in valuation allowance	(11,807)	(5,369)
Expired capital loss carryover	(9,227)	-
Other	(9,061)	(1,720)
Derivative gain	-	90
Stock-based compensation	-	(276,741)
Income tax expense (benefit)	$ 0	$ 0

The Company has no tax positions at December 31, 2017 and 2016 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

The Company recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. During the years ended December 31, 2017 and 2016, the Company recognized no interest and penalties.

NOTE 11 – LEGAL PROCEEDINGS

Ken Link v. Wound Management Technologies, Inc., et al. On November 14, 2011, Ken Link instituted litigation against Wound Management Technologies, Inc. and Scott A. Haire in the District Court of Tarrant County Texas, Cause No. 342-256486-11 of the 342nd Judicial District, alleging default under the terms of a certain promissory note executed by Wound Management Technologies, Inc. and guaranteed by Scott A. Haire. Ken Link asserted at that point in time that the unpaid balance of the note, including accrued interest as of December 4, 2011, was the sum of $355,292, Mr. Link asserted that he was entitled to receive 200,000 shares of the Company's common stock. Mr. Link was also seeking attorney's fees and interest at 13% per annum, plus $1,000 per day. We disputed the claim, because we believed the contract was tainted by usury, and therefore, a usury counterclaim would more than offset the unpaid balance of the promissory note.

The note, in the original principal amount of $223,500, required the payment of interest accrued at 13% per annum; an additional one-time charge of $20,000 due on maturity; the issuance of 200,000 shares of stock as interest; and a $1,000 per day late fee for each day the principal and interest is late. It was our contention that these sums made the contract usurious and the usury claims more than offset the amount of the unpaid indebtedness. Furthermore, we filed an action for recovery of damages for usury under the Texas Finance Code for a note which was previously executed by the Company and payable to Ken Link, which was in fact paid to Mr. Link in full. In addition, Wound Management was seeking recovery of attorney's fees pursuant to the usury provisions of the Texas Finance Code. While the amount of the promissory note remained unpaid, the counterclaims more than offset the maximum amount that could be asserted on the promissory note. The case was set for trial the week of October 21, 2013, but after three (3) days of trial before a jury, the judge declared a mistrial. Subsequently, Ken Link amended his pleadings and alleged that Wound Management Technologies, Inc. never intended to pay the $223,500 promissory note and sought damages for fraud and the loss of the benefit of the bargain relating to the shares of stock, plus interest as set forth in the note, exemplary damages, and attorney's fees. The case was subsequently reset for trial the week of December 1, 2014, and the judge again declared a mistrial. On September 4, 2015, Ken Link again amended his pleadings seeking the sums he says were owed to him resulting from the advance by him in the amount of $223,500. The case was set for trial the week of May 15, 2017. but again, after three (3) days of trial before a jury, the judge declared a mistrial.

The case was subsequently reset for trial the week of October 30, 2017, and during a break in the proceedings, (November 1, 2017), the Company and Ken Link entered into a binding settlement agreement, which resulted in dismissal with prejudice of all claims and counterclaims asserted in Cause No. 342-256486-11, in exchange for which the Company delivered to Ken Link 1,200,000 shares of Wound Management Technologies, Inc. common stock in total satisfaction of all obligations between the parties. As a result of this settlement, the Note Payable to Mr. Link in the amount of $223,500 was cancelled along with accrued interest in the amount of $147, 253. The fair value of the 1,200,000 shares of common stock issued was $84,000 based on the stock price when issued, the Company recognized gain on settlement of debt of $286,873.

Wound Management Technologies, Inc. v. Fox Lake Animal Hospital, PSP: Wound Management Technologies, Inc. instituted litigation in Cause No. 96-263918-13 in the 96th District Court of Tarrant County, Texas against Fox Lake Animal Hospital, PSP and Bohdan Rudawksi, Trustee of the Fox Lake Animal Hospital, PSP. The cause of action asserts that the loan transaction between Wound Management Technologies, Inc. and Fox Lake Animal Hospital PSP involved the collection of illegal usurious interest for the reason that while the face amount of the promissory note is $39,000, but the loan actually loaned for a 6-month period was $25,000, resulting in an interest rate in excess of the maximum rate permitted by the Texas Finance Code. Wound Management Technologies, Inc. is seeking to recover the penalties authorized by the Texas Finance Code, together with the attorney's fees. Fox Lake Animal Hospital and Bohdan Rudawski, Trustee have filed a counterclaim where they allege there were misrepresentations by Wound Management Technologies, Inc. that would be excuse them from having to pay penalties under the Texas Finance Code for charging usurious interest. Fox Lake Animal Hospital and Bohdan Rudawski, Trustee further claim that actions asserted violates the Federal Securities Exchange Act and alleged fraud and fraud in the inducement in entering into the promissory note.

Wound Management Technologies, Inc. v. Bohdan Rudawski: Wound Management Technologies, Inc. instituted litigation in Cause No. 352-263856-13 in the 352nd District Court of Tarrant County, Texas against Bohdan Rudawksi. The case has been postponed until September of 2016. The cause of action asserts that the loan transaction between Wound Management Technologies, Inc. and Bohdan Rudawski involved the collection of illegal usurious interest for the reason that while the face amount of the promissory note is $156,000, but the loan actually loaned for a 6-month period was $100,000, charging an effective interest rate of over 100% which violates the provisions of the Texas Finance Code. Wound Management Technologies, Inc. is seeking to recover the penalties authorized by the Texas Finance Code, together with the attorney's fees. Bohdan Rudawski has filed an answer and alleges there was not an absolute obligation to repay the note, attempting to defeat the usury claim. Bohdan Rudawski has further asserted that the claims violate the Federal Securities Exchange Act and allege fraud of inducement in entering into the promissory note.

The 352nd Judicial District Court entered an order in December, 2016 consolidating the Bohdan Rudawski case and the Fox Lake Animal Hospital case into the 352nd Court case. The case was tried and went to the jury on March 22, 2018. The jury, in response to the question concerning the fraud counterclaim, reached a verdict that there was no fraud, therefore, a Judgment should be entered finding that the Defendants take nothing by virtue of their fraud claim.

NOTE 12 – CAPITAL LEASE OBLIGATION

In December 2014, the Company entered into a Capital Lease agreement for the purchase of a phone system. The agreement required a down payment of $2,105 and 36 monthly payments of $375. The Company recorded an asset of $13,512 and a capital lease obligation of $13,512. Aggregate payments under the capital lease were $3,766 and $4,733 during 2017 and 2016, respectively. At December 31, 2017, the balance was paid in full.

NOTE 13 -- SUBSEQUENT EVENTS

In accordance with applicable accounting standards for the disclosure of events that occur after the balance sheet date but before the financial statements are issued, all significant events or transactions that occurred after December 31, 2017, are outlined below:

On March 6, 2018 the Company issued 22,651,356 shares of common stock for the conversion of $1,200,000 in convertible debt.

In February and March 2018, the company issued 100,567,691 shares of common stock for conversion of 85,561 shares of Series C Convertible Preferred Stock and $1,050,468 of related Series C dividends.

As of the date of this report there are no Series C Convertible Preferred stock shares outstanding.

In response to the expiration of Applied Nutritionals' patent covering the use of hydrolyzed collagen in wound care on February 27, 2018, the Company submitted an FDA 510(k) application on March 26, 2018, seeking U.S. marketing clearance for our new internally sourced hydrolyzed collagen.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

In accordance with Exchange Act Rules 13a-15(e), we carried out an evaluation, under the supervision and with the participation of management, including our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2017.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external reporting purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate over time.

Management, including our Chief Executive Officer / Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013). Based on its assessment and those criteria, management has concluded that we maintained effective internal control over financial reporting as of December 31, 2017.

ITEM 9B. OTHER INFORMATION

On March 10, 2017, the Company and John Siedhoff, the chairman of the Company's Board of Directors, entered into an amendment to the Consulting Agreement, dated April 25, 2016, by and between the Company and Mr. Siedhoff (the "Amendment"). The Amendment: (i) changes the name of the consultant under the Consulting Agreement from John Siedhoff to Twin Oaks Equities, LLC (an entity controlled by Mr. Siedhoff), and (ii) increases the monthly compensation payable under the Consulting Agreement from $15,000 to $20,000, effective as of January 1, 2017.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Board of Directors

The following table sets forth the names, ages, and positions of the current directors of the Company.

NAME	AGE	POSITION	YEAR FIRST ELECTED
S. Oden “Denny” Howell Jr.	78	Director	2015
John C. Siedhoff	58	Director	2014
James W. Stuckert	80	Director	2015

S. Oden “Denny” Howell, Jr. is a long-time investor in pharmaceutical and medical device companies, as well as a past director of a pharmaceutical company. He has served as President of Howell & Howell Contractors, Inc., a renovation and industrial/commercial painting contractor since 1972. He is also the Secretary/Treasurer of LCM Constructors, Inc., a general construction company; Secretary/Treasurer of SemperFi Constructors, LLC, a service-disabled, veteran-owned small business; Chairman of Keller Manufacturing Co., Inc.; Chairman of PDD, LLC, and a Trustee of Lindsey Wilson College in Columbia, Kentucky.

John C. Siedhoff has been a part of acquiring more than twenty companies with a focus and expertise on turnaround opportunities. His turnaround, merger and acquisition experience began as Chief Operating Officer of Enduro Systems, Inc., and as Chief Financial Officer of Deep Down, Inc., where he completed a reverse merger public transaction. Mr. Siedhoff is a founding member of Twin Oaks Equity, LLC, a firm specializing in corporate turnarounds, mergers and acquisitions located in The Woodlands, Texas. Mr. Siedhoff has served on the boards of Enduro Holdings, Deep Down, SK Holdings and 40 Days For Life. He earned a Bachelor of Science Degree in Mechanical Engineering from Iowa State University.

James W. Stuckert began an illustrious 53-year career with J.J.B. Hilliard, W.L. Lyons, LLC (“Hilliard Lyons”) as an advisor/trader, ultimately rising to lead the Company as Chairman and Chief Executive Officer in 1995. Hilliard Lyons is a full-service financial asset management firm Headquartered in Louisville, Kentucky. Under his leadership Hilliard Lyons grew to over 2,200 employees with 85 offices in thirteen Midwestern states, and managed assets in excess of $35 billion. Mr. Stuckert was an initial investor and served 24 years on the Board of Royal Gold, Inc; He has served as Chairman of SenBanc Fund; board member of DataBeam, Inc.; and board member of the Securities Industry Association, (SIA). He has also served as a past member of the nominating committee of the New York Stock Exchange and as Chairman of the SIA’s Regional Firms Committee. Mr. Stuckert has served his alma mater, the University of Kentucky as a member of the Board of Trustees; Vice Chairman and Chairman of the Finance Committee; and Chairman of the Presidential Search Committee. In addition, he was Chairman of a hospital’s investment committee with investable assets in excess of $1.2 billion. Mr. Stuckert earned a Bachelor of Science in Mechanical Engineering, and Master of Business Administration degrees from the University of Kentucky.

Executive Officers

The following table sets forth the names, ages and positions of the executive officers of the Company.

NAME	AGE	POSITION
J. Michael Carmena	62	Chief Executive Officer and Chief Financial Officer

J. Michael Carmena was appointed Chief Executive Officer effective February 20, 2018 and has served as the Company's Chief Financial Officer since December 8, 2016. Prior to joining the Company, Mr. Carmena served as Senior Director, Business & Sales Operations, of Smith and Nephew plc, formerly known as Healthpoint Biotherapeutics. Mr. Carmena previously served Healthpoint Biotherapeutics as Senior Director, Finance & Administration (from 2008 to 2010) and as Controller (from 1998 to 2008). Mr. Carmena began his professional career at Arthur Andersen & Co., after graduating, magna cum laude, with a BBA in Accounting from Texas Christian University in 1978.

Indebtedness of Directors and Executive Officers

None of our directors or officers or their respective associates or affiliates is indebted to us.

Family Relationships

There are no family relationships among our directors or executive officers.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*") requires our directors, executive officers, and persons who own more than 10% of a registered class of our equity securities to file reports with the SEC of ownership and changes in ownership of our common stock and other equity securities of the Company. Based solely on a review of the copies of the forms sent to us and the representations made by the reporting persons to us, we believe that, during the fiscal year ended December 31, 2017, our directors, officers and 10% holders complied with all filing requirements under Section 16(a) of the Exchange Act, with the following exceptions: Though he became the Company's Chief Financial Officer on December 8, 2016, Mr. Carmena filed his initial Form 3 upon being named Chief Executive Officer on February 20, 2018.

Independent Directors

The Board consists of non-management directors. Two of our directors are independent, as defined by Rule 4200(a) (15) of the NASDAQ's listing standards. (Mr. Siedhoff may be deemed not to be independent by virtue of compensation received pursuant to his consulting agreement with the Company.) Under the NASDAQ's listing standards, no director qualifies as independent unless the Board affirmatively determines that he or she has no material relationship with the Company. Based upon information requested from and provided by each director concerning their background, employment, and affiliations, including commercial, banking, consulting, legal, accounting, charitable, and familial relationships, the Board has determined that, other than being a director and/or shareholder of the Company, each of the independent directors named above has either no relationship with the Company, either directly or as a partner, shareholder, or officer of an organization that has a relationship with the Company, or has only immaterial relationships with the Company, and is independent under the NASDAQ's listing standards.

Meetings and Committees of the Board

Our business is managed under the direction of the Board. The Board meets on a regular basis—at least quarterly—to review significant developments affecting the Company and to act on matters requiring the approval of the Board. In addition to regularly scheduled meetings, the Board also holds special meetings when the Company faces a matter requiring attention or action by the Board. The Board does not currently have a standing audit, compensation, nominating or governance committee, and the entire Board performs the functions of each such committees, participating in all relevant decisions thereof. It is the expectation of the Company that, upon election of new directors, it will be able to form standing committees so as to more efficiently perform the various functions of such committee, and that each such committee will adopt a charter as appropriate and make such charter available on the Company's website. The Company further recognizes that none of its directors currently qualifies as an audit committee financial expert. The Board continues to search for qualified candidates to fill such role.

Nominations

The existing directors work to identify qualified candidates to serve as nominees for director. When identifying director nominees, the Board may consider, among other factors, the potential nominee's reputation, integrity, independence from the Company, skills and business, government or other professional acumen, bearing in mind the composition of the Board and the current state of the Company and the industry generally. The Board may also consider the number of other public companies for which the person serves as director; and the availability of the person's time and commitment to the Company. In the case of current directors being considered for re-nomination, the Board will also take into account the director's tenure as a member of the Board, the director's history of attendance at meetings of the Board and the director's preparation for and participation in such meetings.

Shareholders seeking to nominate director candidates may do so by writing the Corporate Secretary of the Company and giving the recommended candidate's name, biographical data and qualifications, if such recommendations are submitted by shareholders in compliance with the Company's Bylaws.

Following identification of the need to replace, add or re-elect a director to the Board, and consideration of the above criteria and any shareholder recommendations, the Board will submit its recommended nominees to the shareholders for election. The Board utilizes this process, rather than a formal nominations committee, because they have found that, for the Company, the functions of a nominations committee are more than adequately fulfilled by this process.

Board Leadership Structure

There are currently no lead independent directors serving on the Board.

Our Board leadership structure is commonly utilized by other public companies in the U.S., and we believe that it is effective. This leadership structure is appropriate for us given the size and scope of our business, the experience and active involvement of our independent directors, and our corporate governance practices, which include regular communication with and interaction between and among the Chief Executive Officer/Chief Financial Officer, the chairman, and the independent directors. Of the three members of our Board, two are independent from management.

Risk Management

The Board is responsible for overseeing the Company's management and operations. The Board serves in the role of an audit committee, fulfilling its responsibilities for general oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, the performance of the Company's internal audit function, and risk assessment and risk management. We believe that the Board provides effective oversight of risk management functions. On a regular basis we perform a risk review wherein the management team evaluates the risks we expect to face in the upcoming year and over a longer-term horizon. Then, plans are developed to deal with the risks identified. In addition, members of our management team periodically present to the Board the strategies, issues and plans for the areas of our business for which they are responsible. While the Board oversees risk management, our management team is responsible for the Company's day-to-day risk management processes. Additionally, the Board requires that management raise exceptional issues to the Board. We believe this division of responsibilities is the most effective approach for addressing the risks we face and that the Board leadership structure supports this approach.

Meeting Attendance

During the fiscal years ended December 31, 2017 and December 31, 2016, the Board held four and three Board meetings, respectively. During 2017 and 2016, each director (once appointed) attended all Board meetings, (no director attended fewer than 75% of the meetings). The Company encourages, but does not require, directors to attend the annual meeting of shareholders; however, such attendance allows for direct interaction between shareholders and members of the Board.

Code of Ethics

On April 2, 2012, the Company adopted a Code of Ethics applicable to our principal executive, financial and accounting officers. The Code of Ethics can be found on our website at http://wmgtech.com under the Investor Relations tab.

Shareholder Communications with the Board

Any Company shareholder or other interested party who wishes to communicate with the non-management directors as a group may direct such communications by writing to the:

Corporate Secretary
Wound Management Technologies, Inc.
1200 Summit Avenue, Suite 414
Fort Worth, TX 76102

The communication must be clearly addressed to the Board or to a specific director. If a response is desired, the individual should also provide contact information such as name, address and telephone number.

All such communications will be reviewed initially by the Corporate Secretary. The Corporate Secretary will forward to the appropriate director(s) all correspondence, except for items of the following nature:

- advertising;
- promotions of a product or service;
- patently offensive material; and
- matters completely unrelated to the Board's functions, Company performance, Company policies or that could not reasonably be expected to affect the Company's public perception.

The Corporate Secretary will prepare a periodic summary report of all such communications for the Board. Correspondence not forwarded to the Board will be retained by the Company and will be made available to any director upon such director's request.

ITEM 11. EXECUTIVE COMPENSATION

The following table and the accompanying notes provide summary information for each of the last two fiscal years concerning cash and non-cash compensation awarded to, earned by or paid to executive officers (or those acting in a similar capacity).

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-equity incentive compensation ($)	Non-qualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
J. Michael Carmena (a)	2016	8,636	-	-		-	-	-	8,636
	2017	175,000	-	-	30,000	-	-	-	205,000
Deborah J. Hutchinson (b)	2016	200,000	-	25,000	-	-	-	-	225,000
	2017	170,000	-	-		-	-	-	170,000
Darren Stine (c)	2016	120,000	-	20,000	-	-	-	-	140,000
	2017	-	-	-	-	-	-	-	-

NOTES TO SUMMARY COMPENSATION TABLE

(a) J. Michael Carmena was appointed as the Company's Chief Executive Officer effective February 20, 2018 and as Chief Financial Officer effective December 8, 2016.

(b) Deborah J. Hutchinson retired as the Company's President effective July 19, 2017.

(c) Darren Stine resigned from his position as the Company's Chief Financial Officer effective December 2, 2016.

Employment Agreements

None of our executive officers listed above has an employment agreement or an agreement containing change in control provisions with the Company or its subsidiaries and there are no verbal agreements with any of these executives (or other employees) regarding their employment or compensation. No executive officer listed above is entitled to payments upon termination or a change in control.

In December 2016, Deborah Hutchinson, Mandy Muse, Sheila Schultz and Jonathan Knickerbocker received a stock grant for 500,000, 250,000, 250,000 and 150,000 shares respectively. All shares vested immediately.

Director Compensation

2017 DIRECTOR COMPENSATION TABLE

Name	Stock Awards ($)	Option Awards ($)	Non-equity incentive plan compensation ($)	Non-qualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
S. Oden "Denny" Howell Jr.	$ 10,500					$ 10,500
Phillip J. Rubinfeld	$ 10,500					$ 10,500
John C. Siedhoff	$ 10,500				$ 280,000	$ 290,500
James W. Stuckert	$ 10,500					$ 10,500

We reimburse each director for reasonable travel expenses related to such director's attendance at Board and committee meetings. In 2016 the Company did not issue any equity compensation to the members of its Board in respect of their service thereon. On February 27, 2017, the Company awarded each Board members 150,000 shares of the Company's Common Stock, (600,000 shares total) for services. In the future, the Company might have to offer additional compensation to attract the caliber of independent board members the Company is seeking.

The Company does not sponsor a pension benefits plan, a non-qualified deferred compensation plan or a non-equity incentive plan for its directors. In April of 2016, the Company engaged one director as a consultant and paid monthly fees per contract terms. No other or additional compensation for services were paid to any of the other directors during 2016 and 2017.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table provides information concerning outstanding equity awards as of December 31, 2017, for our named executive officers and directors. We do not currently have an equity incentive plan; therefore, these columns have been omitted from the following table.

	OPTION AWARDS				STOCK AWARDS	
Name	Number of Securities Underlying Unexercised Options (Exercisable)	Number of Securities Underlying Unexercised Options (Unexercisable)	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested ($)
J. Michael Carmena	—	500,000	0.06	12/31/2022	500,000	30,000
Robert K. Mart	—	300,000	0.06	12/31/2022	300,000	18,000
Zachary B. Fleming	—	200,000	0.06	12/31/2022	200,000	12,000
Jay Speelhoffer	—	100,000	0.06	12/31/2022	100,000	6,000
Sherlene Bagley	—	50,000	0.06	12/31/2022	50,000	3,000
	—	1,150,000			1,150,000	69,000

Footnotes to Outstanding Equity Awards table:

Pension Benefits

The Company does not sponsor any pension benefit plans and none of the named executive officers contribute to such a plan.

Non-Qualified Deferred Compensation

The Company does not sponsor any non-qualified defined compensation plans or other non-qualified deferred compensation plans and none of the named executive officers contribute to any such plans.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 31, 2018, the number and percentage of outstanding shares of our common stock owned by: (a) each person who is known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock; (b) each of our directors; (c) the named executive officers as defined in Item 402 of Regulation S-K; and (d) all current directors and executive officers, as a group. As of March 31, 2018, (a) there were 236,642,901 shares of common stock issued and outstanding, with 4,089 shares held as treasury stock, (b) 0 shares of Series C Preferred Stock issued and outstanding, and (c) 0 shares of Series D Preferred Stock issued and outstanding

Beneficial ownership has been determined in accordance with Rule 13d-3 under the Exchange Act. Under this rule, certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire shares (for example, upon exercise of an option or warrant) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the number of shares is deemed to include the number of shares beneficially owned by such person by reason of such acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the following table does not necessarily reflect the person's actual voting power at any particular date.

OFFICERS AND DIRECTORS:	Common Stock Number of Shares Beneficially Owned	Common Stock Beneficial Ownership Percentage	Preferred Stock Number of Shares Beneficially Owned	Preferred Stock Beneficial Ownership Percentage
James W Stuckert (1)	72,795,489	32.07%	—	—
S. Oden “Denny” Howell Jr.	42,092,429	18.54%	—	—
John C. Siedhoff	7,150,000	3.15%	—	—
J. Michael Carmena (2)	—	—	—	—
All directors and executive officers as a group (4 persons)	**122,037,918**	**53.77%**	—	**—%**

(1) Mr. James W. Stuckert may be deemed to beneficially own 6,865,400 shares held by Diane V Stuckert Rev TR of which Mr. Stuckert’s wife is the trustee.
(2) Though Mr. Carmena holds warrants for the purchase of 500,000 shares of Common Stock, they are subject to a vesting schedule and will not become partially exercisable until December 31, 2018.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

In addition to the officer and director compensation arrangements disclosed herein, the Company was involved in the following transactions with related parties during fiscal years 2016 and 2017. Funds are advanced to the Company from various related parties, including shareholders who fund the Company as necessary to meet working capital requirements and expenses.

In June of 2015, Mr. S Oden Howell, Jr. was elected to the Board and Mr. Howell is the holder of a convertible note payable in the principle amount of $600,000 and accrued interest of $162,493 through year end December 31, 2017.

In September of 2015, Mr. James Stuckert was elected to the Board and Mr. Stuckert is the holder of a convertible note payable in the principle amount of $600,000 and accrued interest of $162,493 through year end December 31, 2017.

The following is a summary of amounts due to related parties, including accrued interest separately recorded, as of December 31, 2017:

Related Party	Nature of Relationship	Terms of the Agreement	Principal Amount	Accrued Interest
S. Oden Howell Revocable Trust	Mr. S. Oden Howell, Jr. became a member of the Board in June of 2015.	See “June 15, 2015 Convertible Promissory Note”.	600,000	162,493
James W. Stuckert Revocable Trust	Mr. James W. Stuckert became a member of the Board in September of 2015.	See “June 15, 2015 Convertible Promissory Note”.	600,000	162,493
Total			**$ 1,200,000**	**$ 324,986**

Two of our directors are independent, as defined by Rule 4200(a) (15) of the NASDAQ’s listing standards. Mr. Siedhoff may be deemed not to be independent by virtue of compensation received pursuant to his consulting agreement with the Company.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees. We engaged MaloneBailey, LLP to conduct our audits for the years ended December 31, 2017 and December 31, 2016 , and our audit fees for services performed were $53,500 and $51,500, respectively.

Tax Fees. We engaged Pritchett, Siler & Hardy, P.C. as our accountants and our tax fees for services performed for the years ended December 31, 2017 and December 31, 2016, were $14,655 and $13,238, respectively.

All Other Fees. None.

Consideration of Non-audit Services Provided by the Independent Auditors . The Board has considered whether the services provided for non-audit services are compatible with maintaining MaloneBailey, LLP's independence, and has concluded that the independence of such firm has been maintained.

Audit Committee Pre-Approval Policy

The policy of the Board, in its capacity as the Company's audit committee, is to pre-approve all audit, audit-related and non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. The Board approved all of the fees described above. The Board may also pre-approve particular services on a case-by-case basis. The independent public accountants are required to periodically report to the Board regarding the extent of services provided by the independent public accountants in accordance with such pre-approval. The Board may also delegate pre-approval authority to one or more of its members. Such member(s) must report any decisions to the Board at the next scheduled Board meeting.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of September 17, 2009, by and among BioPharma Management Technologies, Inc., a Texas corporation, Wound Management Technologies, Inc., a Texas corporation, BIO Acquisition, Inc., and the undersigned shareholders (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed September 21, 2009)
3.1	Articles of Incorporation (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 filed April 11, 2008)
3.2	Articles of Amendment to Articles of Incorporation (Incorporated by reference to Exhibit A to the Company's Information Statement filed with the Commission on May 13, 2008)
3.3	Bylaws (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 filed April 11, 2008)
4.1	Certificate of Designations, Number, Voting Power, Preferences and Rights of Series A Convertible Preferred Stock (Incorporated by reference to Exhibit 3.1(i) to the Company's Current Report on Form 8-K filed November 30, 2007)
4.2	Certificate of Designations, Number, Voting Power, Preferences and Rights of Series B Convertible Redeemable Preferred Stock (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed June 25, 2010)
4.3	Wound Management Technologies, Inc. 2010 Omnibus Long-Term Incentive Plan dated March 12, 2010 effective subject to shareholder approval on or before March 11, 2011 (Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed August 16, 2010)
4.4	Certificate of Designations, Number, Voting Power, Preferences and Rights of Series C Convertible Preferred Stock (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K/A filed February 6, 2014 amending the Company's Current Report on Form 8-K filed October 15, 2013)
4.5	Certificate of Designations, Number, Voting Power, Preferences and Rights of Series D Convertible Preferred Stock (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 14, 2013)
10.1	Letter Agreement dated April 26, 2016 by and between Wound Management Technologies, Inc., Evolution Venture Partners, LLC and Middlebury Securities, LLC (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed May 2, 2016)
10.2	Consulting Agreement dated April 25, 2016 by and between Wound Management Technologies, Inc. and John Siedhoff (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed April 29, 2016)
10.3	Amendment to Consulting Agreement dated March 10, 2017, by and between the Company and John Siedhoff (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated March 10, 2017)
10.4	Termination Agreement effective September 29, 2017, by and between the Company and Evolution Venture Partners LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated October 11, 2017)
21.1	List of Subsidiaries*
31.1	Certification of Principal Executive Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certification of Principal Executive Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002*
32.2	Certification of Principal Financial Officer in accordance with 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002*
101	Interactive Data Files pursuant to Rule 405 of Regulation S-T

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

WOUND MANAGEMENT TECHNOLOGIES, INC.

March 29, 2018

By: /s/ J. Michael Carmena
J. Michael Carmena
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ J. Michael Carmena J. Michael Carmena	CEO (Principal Executive Officer)	March 29, 2018
/s/ J. Michael Carmena J. Michael Carmena	Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 2018
/s/ James W. Stuckert James W. Stuckert	Director	March 29, 2018
/s/ Mr. John Siedhoff Mr. John Siedhoff	Director	March 29, 2018
/s/ Oden Howell, Jr. Oden Howell, Jr.	Director	March 29, 2018

Ex. 21.1

WOUND MANAGEMENT TECHNOLOGIES, INC.
List of Subsidiaries

100% Owned Subsidiaries:

Wound Care Innovations, LLC	**Nevada limited liability company**
Innovate OR, Inc.	**Texas corporation**
Resorbable Orthopedic Products, Inc.	**Texas limited liability company**

50% Owned Joint Venture:

Pharma Tech International, LLC	**Nevada limited liability company**

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Michael Carmena, certify that:

1. I have reviewed this Annual report on Form 10-K of Wound Management Technologies, Inc. for the fiscal year ended December 31, 2017;

2. Based on my knowledge, this Annual 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. As the registrant's sole certifying officer, I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries is made known to me 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 my 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 my 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my 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 controls 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: March 29, 2018

/S/ J. Michael Carmena
J. Michael Carmena, Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. Michael Carmena, certify that:

1. I have reviewed this Annual report on Form 10-K of Wound Management Technologies, Inc. for the fiscal year ended December 31, 2017;

2. Based on my knowledge, this Annual 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. As the registrant's sole certifying officer, I am 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 my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries is made known to me 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 my 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 my 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 that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my 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 controls 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: March 29, 2018

/S/ J. Michael Carmena
J. Michael Carmena, Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Wound Management Technologies, Inc. on Form 10-K for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof, I, J. Michael Carmena, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 29, 2018

/S/ J. Michael Carmena
J. Michael Carmena, Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
IN ACCORDANCE WITH 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Wound Management Technologies, Inc. on Form 10-K for the period ending December 31, 2017 as filed with the Securities and Exchange Commission on the date hereof, I, J. Michael Carmena, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 29, 2018

/S/ J. Michael Carmena
J. Michael Carmena, Chief Financial Officer