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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 9, 2017

Alliqua BioMedical, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	001-36278	58-2349413
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1010 Stony Hill Road Suite 200 Yardley, Pennsylvania	19067
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (215) 702-8550

Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

As previously reported, on January 26, 2017, Alliqua BioMedical, Inc. (the "**Company**"), AquaMed Technologies, Inc., a wholly owned subsidiary of the Company (the "**Guarantor**"), and Perceptive Credit Holdings, L.P. ("**Perceptive**") entered into a Forbearance and Amendment Agreement, pursuant to which the parties agreed to certain amendments and modifications to the terms of the Credit Agreement and Guaranty, dated May 29, 2015, by and among the Company, the Guarantor and Perceptive (the "**Credit Agreement**"), including, among other things, an extension to the then effective forbearance period in respect of the Company's default of a covenant pertaining to trailing twelve-month revenue under the Credit Agreement as of both September 30, 2016, and December 31, 2016, which was further extended by Amendment No.1 to Forbearance and Amendment Agreement, dated March 7, 2017 and Amendment No. 2 to Forbearance and Amendment Agreement, dated April 27, 2017.

On August 9, 2017, the Company, the Guarantor and Perceptive entered into a Second Forbearance Agreement (the "**Agreement**"), pursuant to which Perceptive agreed to extend the forbearance period and to forbear from exercising any rights and remedies related to the Company's default of a covenant pertaining to (A) trailing twelve-month revenue under the Credit Agreement as of each of (w) September 30, 2016, (x) December 31, 2016, (y) March 31, 2017 and (z) June 30, 2017 and (B) failure to maintain on a consolidated basis, a monthly minimum cash balance of at least $2,000,000 (collectively, the "**Specified Defaults**") until the earlier of (i) September 30, 2017 and (ii) the date when Perceptive becomes aware that any other default (other than the Specified Defaults) has occurred and is continuing (such earlier date, the "**Termination Date**"). Perceptive reserved the right, commencing on the Termination Date, to pursue any rights and remedies available to it under the Credit Agreement or any other Loan Document (as defined in the Credit Agreement), or pursuant to law or otherwise with respect to any or all of the Specified Defaults.

The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 2.02 Results of Operations and Financial Condition.

On August 10, 2017, Alliqua BioMedical, Inc. issued a press release announcing its financial results for the fiscal quarter ended June 30, 2017. A copy of this press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, that is furnished pursuant to this Item 2.02 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth under Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 2.03.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1	Second Forbearance Agreement, dated August 9, 2017, by and among Alliqua BioMedical, Inc., AquaMed Technologies, Inc. and Perceptive Credit Holdings, LP.
99.1	Press release, dated August 10, 2017 (furnished herewith pursuant to Item 2.02)

SIGNATURES

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

ALLIQUA BIOMEDICAL, INC.

Dated: August 10, 2017

By: /s/ Brian Posner
Name: Brian Posner
Title: Chief Financial Officer

Exhibit 10.1

SECOND FORBEARANCE AGREEMENT

This SECOND FORBEARANCE AGREEMENT, dated as of August 9, 2017 (this "***Agreement***"), is made by and among ALLIQUA BIOMEDICAL, INC., a Delaware Corporation (the "***Borrower***"), AQUAMED TECHNOLOGIES, INC., a Delaware corporation (the "***Guarantor***"; the Borrower and the Guarantor are each also referred to herein individually as a "***Loan Party***" and collectively as the "***Loan Parties***") and PERCEPTIVE CREDIT HOLDINGS, L.P., a Delaware limited partnership (the "***Lender***"). Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement (defined below).

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantor and the Lender are parties to that certain Credit Agreement and Guaranty, dated as of May 29, 2015 (as amended, restated, supplemented or otherwise modified from time to time, the "***Credit Agreement***");

WHEREAS, pursuant to Sections 8.4(a) and (b) of the Credit Agreement, (a) the Loan Parties are required to maintain, on a consolidated basis, a monthly minimum balance of $2,000,000 in unrestricted, unencumbered cash in one or more Controlled Accounts that are free and clear of all Liens, subject to certain exceptions, (b) Consolidated Total Revenue of the Borrower for the twelve consecutive month period ended September 30, 2016 was required to be $22,250,000, (c) Consolidated Total Revenue of the Borrower for the twelve consecutive month period ended December 31, 2016 was required to be $24,600,000, (d) Consolidated Total Revenue of the Borrower for the twelve consecutive month period ended March 31, 2017 was required to be $27,200,000 and (e) Consolidated Total Revenue of the Borrower for the twelve consecutive month period ended June 30, 2017 was required to be $30,300,000;

WHEREAS, the Loan Parties have failed to satisfy and comply with requirements of Sections 8.4(a) and (b) set forth in the previous recital;

WHEREAS, the Borrower has requested that the Lender temporarily forbear from exercising or pursuing its available remedies as further described herein; and

WHEREAS, the Lender is willing to agree to such temporary forbearance subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not highlighted in bold and/or italics) when used in this Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"***Agreement***" is defined in the preamble.

"***Borrower***" is defined in the preamble.

"***Credit Agreement***" is defined in first recital.

"***Forbearance Effective Date***" is defined in Article III.

"***Guarantor***" is defined in the preamble.

"***Lender***" is defined in the preamble.

"***Loan Party*****"** is defined in the preamble.

"***Specified Defaults***" is defined in Section 2.1(a).

"***Termination Date***" is defined in Section 2.1(b).

ARTICLE II
FORBEARANCE, ETC.

SECTION 2.1. Forbearance, etc.

(a) The Borrower acknowledges and agrees that it was in Default of (i) Section 8.4(a) of the Credit Agreement as of the date hereof and (ii) Section 8.4(b) of the Credit Agreement as of each of (w) September 30, 2016, (x) December 31, 2016, (y) March 31, 2017 and (z) June 30, 2017 (such Defaults being herein referred to as the "***Specified Defaults***"). The Lender hereby agrees that, with respect to the Specified Defaults (but only the Specified Defaults), it will refrain and forebear from exercising or pursuing any rights or remedies under the Credit Agreement or otherwise (including imposing a default rate of interest in respect of the Specified Defaults pursuant to Section 3.6 of the Credit Agreement) or any other Loan Document until (but only until) the Termination Date. Any term or provision hereof to the contrary notwithstanding, the Lender is not waiving any of its rights or remedies with respect to the Specified Defaults or any other Default, but instead is simply agreeing not to take remedial action with respect to the Specified Defaults until the Termination Date.

(b) The "***Termination Date***" means the earlier of (i) September 30, 2017 and (ii) the date when the Lender becomes aware that any other Default (other than any Specified Default) has occurred and is continuing. Upon the occurrence of the Termination Date, the Lender may, with respect to any or all of the Specified Defaults, pursue any rights and remedies available to it under the Credit Agreement or any other Loan Document, or pursuant to law or otherwise, with respect to any Defaults that have then occurred and are outstanding (including the Specified Defaults), including, but not limited to, declaring all or any portion of the outstanding principal amount of the Loan and other Obligations to be immediately due and payable, imposing a default rate of interest in respect of the Obligations in accordance with Section 3.6 of the Credit Agreement, or pursuing any or all other rights and remedies of the Lender as a secured party under the UCC, the Pledge and Security Agreement or any other Loan Document.

(c) Notwithstanding any provision of this Agreement or any Loan Document to the contrary, each Loan Party hereby acknowledges and agrees that, due to the occurrence and ongoing continuance of the Specified Defaults, the re-investment option set forth in Section 3.4 of the Credit Agreement is not available to any Loan Party, and no Loan Party may re-invest or use any Net Cash Proceeds of any Disposition or Event of Loss as would otherwise be permitted under Section 3.4 of the Credit Agreement if no Default or Event of Default had occurred and was continuing.

ARTICLE III
CONDITIONS PRECEDENT

This Agreement shall become effective upon, and shall be subject to, the prior or simultaneous satisfaction of each of the following conditions in a manner reasonably satisfactory to the Lender (the date when all such conditions are so satisfied being the "***Forbearance Effective Date***"):

SECTION 3.1. Counterparts. The Lender shall have received counterparts of this Agreement executed on behalf of the Borrowers, the Guarantor, and the Lender.

SECTION 3.2. Effective Date Certificate. The Lender shall have received a certificate, dated as of the Forbearance Effective Date and duly executed and delivered by an Authorized Officer of the Borrower and each Guarantor certifying as to the matters set forth in Articles IV and V hereof, in form and substance satisfactory to the Lender.

SECTION 3.3. Costs and Expenses, etc. The Lender shall have received all fees, costs and expenses due and payable pursuant to Section 11.3 of the Credit Agreement (including without limitation the reasonable fees and expenses of Morrison & Foerster LLP, counsel to the Lender), if then invoiced, together with any other fees separately agreed to by the Borrower and the Lender, such fees, costs and expenses; provided, however, that the Borrower shall be not be required to reimburse Lender for fees and expenses of Morrison & Foerster LLP in excess of $8,000 .

SECTION 3.4. Satisfactory Legal Form, etc. All legal matters incident to the effectiveness of this Agreement shall be reasonably satisfactory to the Lender and its counsel.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into this Agreement, each Loan Party represents and warrants to the Lender as set forth below.

SECTION 4.1. Validity, etc. This Agreement and the Credit Agreement (after giving effect to this Agreement) each constitutes the legal, valid and binding obligation of each Loan Party, enforceable in accordance with its respective terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

SECTION 4.2. Representations and Warranties, etc. Immediately prior to, and immediately after giving effect to, this Agreement the following statements shall be true and correct:

(a) the representations and warranties set forth in each Loan Document (as defined in the Credit Agreement) shall, in each case, be, in the case of representations and warranties qualified as to knowledge, materiality, Material Adverse Effect (as defined in the Credit Agreement) or any similar qualification, true and correct in all respects, and, in the case of those representations and warranties that are not so qualified, in all material respects, with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); and

(b) no Default (other than the Specified Defaults) shall have then occurred and be continuing.

ARTICLE V
CONFIRMATION

SECTION 5.1. Reaffirmation. Each Loan Party hereby consents to this Agreement and hereby agrees that, after giving effect to this Agreement, each Loan Document to which it is a party, and all Obligations thereunder (including the guarantees made pursuant to Article X of the Credit Agreement), are and shall continue to be in full force and effect and the same are hereby ratified in all respects.

SECTION 5.2. Validity, etc. Each Loan Party hereby represents and warrants, as of the Forbearance Effective Date, that immediately after giving effect to this Agreement, each Loan Document, in each case as modified by this Agreement (where applicable and whether directly or indirectly), to which it is a party continues to be a legal, valid and binding obligation of such Loan Party, enforceable against such Person in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

ARTICLE VI
MISCELLANEOUS

SECTION 6.1. No Waiver. The Lender's agreement not to pursue its rights and remedies until the occurrence of the Termination Date as described in Section 2.1 herein is temporary and limited in nature. Except as expressly provided herein, (i) nothing contained herein shall be deemed to constitute a waiver of the Specified Defaults or any other Default or Event of Default or compliance with any term or condition contained in the Credit Agreement or any of the other Loan Documents or constitute a course of conduct or dealing among the parties and (ii) the Lender reserves all rights, privileges and remedies under the Credit Agreement and the other Loan Documents.

SECTION 6.2. Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

SECTION 6.3. Integration. This Agreement, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

SECTION 6.4. Cross-References; Headings. References in this Agreement to any Article or Section are, unless otherwise specified, to such Article or Section of this Agreement. Headings and captions used in this Agreement are included for convenience of reference only and shall not be given any substantive effect.

SECTION 6.5. Loan Document Pursuant to Credit Agreement. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with all of the terms and provisions of the Credit Agreement, including Article XI thereof and all rules of interpretation set forth in Article I thereof.

SECTION 6.6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

SECTION 6.7. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery of an executed counterpart of a signature page to this Agreement by facsimile (or other electronic transmission) shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 6.8. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD RESULT IN THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION; PROVIDED THAT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY.**

SECTION 6.9. Full Force and Effect. The Loan Parties each jointly and severally agree that all of the representations, warranties, terms, covenants, conditions and other provisions of the Credit Agreement and the other Loan Documents shall remain unmodified and shall continue to be, and shall remain, in full force and effect in all respects.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

BORROWER:

ALLIQUA BIOMEDICAL, INC.,

By /s/ Brian Posner
Name: Brian Posner
Title: CFO

GUARANTOR:

AQUAMED TECHNOLOGIES, INC.,

By /s/ Brian Posner
Name: Brian Posner
Title: CFO

LENDER:

PERCEPTIVE CREDIT HOLDINGS, LP

By Perceptive Credit Opportunities GP, LLC,
its general partner

By /s/ Sandeep Dixit
Sandeep Dixit
Chief Credit Officer

By /s/ Sam Chawla
Name: Sam Chawla
Title: Portfolio Manager

Exhibit 99.1

Alliqua BioMedical, Inc. Reports Second Quarter of Fiscal Year 2017 Financial Results

Q2'17 Product revenue from continuing operations increased 34% year-over-year, led by Biologics growth of 106% year-over-year

YARDLEY, Pa., August 10, 2017 (GLOBE NEWSWIRE) – Alliqua BioMedical, Inc. (Nasdaq: ALQA) ("Alliqua" or "the Company"), a regenerative technologies company committed to restoring tissue and rebuilding lives, today announced financial results for the second quarter ended June 30, 2017.

Second Quarter 2017 Summary:

- Total revenue from continuing operations increased 24% year-over-year to $5.5 million.
- Product revenue from continuing operations increased 34% year-over-year to $4.9 million.
  - Sales of Biologics products franchise increased 106% year-over-year in Q2.
  - UltraMist system sales increased 147% year-over-year in Q2.
- Gross margin from continuing operations increased to 66%, from 64% in the same period last year.
- Adjusted EBITDA loss from continuing operations improved by $2.5 million, or 55% year-over-year, to ($2.0) million.

Second Quarter 2017 Operating Highlights:

- On April 3, 2017, the Company announced the close of a public offering, which resulted in gross proceeds of approximately $3.8 million. Under the terms of the offering, the Company agreed to sell 9,473,250 shares of its common stock at a public offering price of $0.40 per share.
- On April 5, 2017, the Company featured five poster presentations summarizing new data and information related to its Interfyl and UltraMIST Therapy products at the Spring 2017 Symposium on Advanced Wound Care in San Diego.
- On June 19, 2017, the Company announced that it has entered into a partnership with Partners Capital Group to provide potential UltraMIST customers with new equipment financing programs.

"We were pleased to achieve 34% product revenue growth during the quarter, driven by 106% growth in sales of our Biologic products, and strong system sales in our UltraMIST franchise, said David Johnson, Chief Executive Officer of Alliqua BioMedical. Our organization has been focused on executing on our commercial strategies, which include targeting specific markets for our Biologics and UltraMIST franchises, raising awareness within the medical community on the features and benefits of our products through educational events, and leveraging our enhanced hybrid sales organization. In addition, we are also pleased to see our planned reduction in operating expenditures take effect, together with our strong revenue growth, resulting in a 55% decrease in adjusted EBITDA loss from continuing operations."

"We are reaffirming our 2017 revenue guidance based upon our growth performance during the first six months of this year. Importantly, while we made significant progress in maximizing our capital resources this quarter, we remain acutely focused on securing the requisite capital to effectively pursue the compelling growth opportunity for our regenerative technologies."

Second Quarter 2017 Results:

Alliqua BioMedical, Inc. and Subsidiaries
Revenue Summary*

($, Thousands)	Three Months Ended June 30,		Increase / Decrease		Six Months Ended June 30,		Increase / Decrease	
	2017	2016	$ Change	% Change	2017	2016	$ Change	% Change
Product	$ 4,917	$ 3,658	$ 1,259	34%	$ 9,282	$ 7,062	$ 2,220	31%
Contract Manufacturing	$ 605	$ 809	($ 204)	-25%	$ 834	$ 1,362	($ 528)	-39%
Revenue, net	**$ 5,522**	**$ 4,467**	**$ 1,055**	**24%**	**$ 10,116**	**$ 8,424**	**$ 1,692**	**20%**

**Revenue summary reflects the Company's continued operations, and, therefore, excludes approximately $0 million of sorbion revenue recognized during the three and six months ended June 30, 2017, and $686 thousand and $1.7 million of sorbion revenue recognized during the three and six months ended June 30, 2016, respectively. Revenue from the sale of sorbion products is included in discontinued operations.*

Total revenue from continuing operations for the second quarter of 2017 increased by approximately $1.0 million, or 24% year-over-year, to $5.5 million, compared to $4.5 million last year. Sales of the Company's products – including Biovance, Interfyl, TheraBond and UltraMIST – increased by $1.3 million, or 34% year-over-year, to $4.9 million, from $3.7 million last year. Sales of the Company's Biologics were the largest contributor to second quarter product growth.

Gross profit for the second quarter of 2017 was $3.7 million, or 66% of sales, compared to a gross profit of $2.9 million, or 64% of sales, last year. Gross margin on product sales was approximately 75% in the second quarter of 2017, compared to 77% last year.

Operating expenses decreased 24% year-over-year to $7.5 million, excluding the impact of changes in the Company's contingent consideration liability in both periods. This decrease was driven primarily by a $1.9 million decrease in selling, general and administrative expenses.

GAAP loss from operations for the second quarter of 2017 was $3.8 million, improved from loss of $7.0 million for the same period last year, excluding a $9.1 million reduction in fair value of contingent liability during the second quarter of 2016.

GAAP net loss for the second quarter of 2017 was $4.2 million, or ($0.09) per diluted share, compared to GAAP net income of $5.2 million, or $0.18 per diluted share, for the same period last year. The change in GAAP net income in the second quarter of 2017 was driven primarily by a $5.9 million change in operating income, compared to the prior year. GAAP operating income was favorably impacted by the aforementioned reduction in fair value of contingent liability of
$9.1 million during the second quarter of 2016. GAAP net income for the second quarter of 2016 included $3.8 million of income from discontinued operations related to the Company's sale of its sorbion product franchise.

Non-GAAP net loss from continuing operations for the second quarter of 2017 decreased by $2.2 million or 35% year-over year to $4.0 million, or ($0.09) per diluted share, compared to a non-GAAP net loss from continuing operations of $6.2 million, or ($0.22) per diluted share, for the same period last year. The Company defines non-GAAP net loss from continuing operations as its reported net loss (GAAP), excluding income tax expense, stock-compensation expense, one-time charges and other non-recurring operating costs and expenses, depreciation and amortization, change in fair value of contingent consideration, change in value of warrant liability, impairment charges to goodwill and other intangibles and income from discontinued operations.

Adjusted EBITDA loss from continuing operations for the second quarter of 2017 decreased $2.5 million or 55% year-over-year to $2.0 million, compared to an adjusted EBTIDA loss from continued operations of $4.5 million for the same period last year.

The Company defines adjusted EBITDA from continuing operations as non-GAAP net loss from continuing operations excluding income tax expense, net interest expense, and depreciation and amortization.

Six Months 2017 Results:

Total revenue for the six months ended June 30, 2017, increased by $1.7 million, or 20% year-over-year, to $10.1 million, compared to $8.4 million last year. Total revenue for the six months ended June 30, 2017 and June 30, 2016 exclude $0 and $1.7 million, respectively, of revenue from sales of sorbion products, recorded as discontinued operations following the Company's sale of the sorbion product franchise. Sales of the Company's products – including Biovance, Interfyl, TheraBond and UltraMIST – increased by $2.2 million, or 31% year-over-year, to $9.3 million, from $7.1 million last year. Sales of the Company's Biologics were the largest contributor to product growth during the first six months of the year.

Operating expenses decreased 19% year-over-year to $16.2 million, excluding the impact of changes in the Company's contingent consideration liability in both periods. This decrease was driven primarily by a $3.9 million decrease in selling, general and administrative expenses.

GAAP net loss for the six months ended June 30, 2017 and 2016, was $11.2 million, or $(0.29) per diluted share, and $2.5 million, or $(0.09) per diluted share, respectively. GAAP net loss for the six months ended June 30, 2017 and 2016 included $0 and $4.2 million, respectively, of income from discontinued operations. GAAP net loss for the six months ended June 30, 2016 was favorably impacted by an $8.7 million change in fair value of contingent liability.
Non-GAAP net loss from continuing operations for the six months ended June 30, 2017 decreased $3.7 million or 29% year-over year to $9.2 million, or $(0.24) per diluted share, compared to a non-GAAP net loss from continuing operations of $12.9 million, or $(0.46) per diluted share in the prior year period. The Company defines non-GAAP net loss from continuing operations as its reported net loss (GAAP), excluding income tax expense, stock-compensation expense, one-time charges and other non-recurring operating costs and expenses, depreciation and amortization, change in fair value of contingent consideration, change in value of warrant liability, impairment charges to goodwill and other intangibles and income from discontinued operations.

Adjusted EBITDA loss from continuing operations for the six months ended June 30, 2017 improved $4.3 million or 45% year-over-year to $5.2 million, compared to an adjusted EBTIDA loss from operations of $9.5 million for the same period last year.

The Company defines adjusted EBITDA from continuing operations as non-GAAP net loss from continuing operations excluding income tax expense, net interest expense, and depreciation and amortization.

Cash and Cash Equivalents:

As of June 30, 2017, the Company had cash and cash equivalents of approximately $2.3 million, compared to $5.6 million at December 31, 2016. The decrease in cash during the period was driven by $8.0 million of cash used in operating activities, approximately $675 thousand of cash used to pay a portion of the contingent consideration related to the Celleration acquisition and $350 thousand of cash issued to Soluble as a bridge loan in connection with the terminated acquisition. Included in cash used in operating activities is approximately $700 thousand of payments related to the terminated acquisition of Soluble. The decrease in cash during the six months ended June 30, 2017 was partially offset by $2.5 million in net proceeds received in connection with the Company's private placement offering on February 27, 2017 and $3.3 million in net proceeds received in connection with the close of a public offering of its common stock on April 3, 2017.

Fiscal Year 2017 Financial Outlook:

The Company is maintaining its revenue guidance for the fiscal year 2017 period, which was last updated on April 6, 2017. For the fiscal year ending December 31, 2017, the Company expects total revenue of $20.4 million to $21.3 million, representing growth in the range of approximately 12% to 17% year-over-year on a GAAP basis.

The Company's total revenue guidance assumes the following:

- The Company's total revenue guidance assumes product sales of $19.0 million to $19.9 million, representing growth in the range of approximately 18% to 24% year-over-year compared to product sales of $16.1 million in the fiscal year ended December 31, 2016.
- Contract manufacturing sales of approximately $1.4 million, compared to $2.2 million in the fiscal year ended December 31, 2016. As previously reported, subsequent to December 31, 2016, the Company was notified by a customer of its contract manufacturing services of its intent not to use the Company's services going forward.

For the fiscal year 2017, the Company expects cash burn from operations to be approximate $12.0 million, representing a decrease of approximately $6.3 million year-over-year, compared to $18.3 million in fiscal year 2016.

Conference Call:

The Company will host a teleconference at 8:00 a.m. Eastern Time on August 10th to discuss the results of the quarter, and host a question and answer session. Those interested in participating on the call may dial 888-481-2844 (719-325-4894 for international callers) and provide access code 3153798 approximately 10 minutes prior to the start time. A live webcast of the call will be made available on the investor relations section of the Company's website at http://ir.alliqua.com.

For those unable to participate, a replay of the call will be available for two weeks at 888-203-1112 (719-457-0820 for international callers); access code 3153798. The webcast will be archived on the investor relations section of Alliqua's website.

About Alliqua BioMedical, Inc.

Alliqua is a regenerative technologies company committed to restoring tissue and rebuilding lives. Through its sales and distribution network, together with its proprietary products, Alliqua offers solutions that allow clinicians to utilize the latest advances in regenerative technologies to bring improved patient outcomes to their practices.

Alliqua currently markets the human biologic regenerative technologies, Biovance® and Interfyl™. The Company also markets its Mist Therapy System®, which uses painless, noncontact low-frequency ultrasound to stimulate cells below the wound bed to promote the healing process. In addition to these technologies, Alliqua markets its TheraBond 3D® advanced dressing which incorporates the TheraBond 3D® Antimicrobial Barrier Systems technology.

Alliqua can provide a custom manufacturing solution to partners in the medical device and cosmetics industry, utilizing its hydrogel technology. The Company has locations in Yardley, Pennsylvania, Langhorne, Pennsylvania and Eden Prairie, Minnesota.

For additional information, please visit http://www.alliqua.com. To receive future press releases via email, please visit http://ir.stockpr.com/alliqua/email-alerts.

Legal Notice Regarding Forward-Looking Statements:

This release contains forward-looking statements. Forward-looking statements are generally identifiable by the use of words like "may," "will," "should," "could," "expect," "anticipate," "estimate," "believe," "intend," or "project" or the negative of these words or other variations on these words or comparable terminology. The reader is cautioned not to put undue reliance on these forward-looking statements, as these statements are subject to numerous factors and uncertainties outside of our control that can make such statements untrue, including, but not limited to, the adequacy of the Company's liquidity to pursue its complete business objectives; inadequate capital; the Company's ability to obtain reimbursement from third party payers for its products; loss or retirement of key executives; adverse economic conditions or intense competition; loss of a key customer or supplier; entry of new competitors and products; adverse federal, state and local government regulation; technological obsolescence of the Company's products; technical problems with the Company's research and products; the Company's ability to expand its business through strategic acquisitions; the Company's ability to integrate acquisitions and related businesses; price increases for supplies and components; and the inability to carry out research, development and commercialization plans. In addition, other factors that could cause actual results to differ materially are discussed in our filings with the SEC, including our most recent Annual Report on Form 10-K filed with the SEC, and our most recent Form 10-Q filings with the SEC. Investors and security holders are urged to read these documents free of charge on the SEC's web site at http://www.sec.gov. We undertake no obligation to publicly update or revise our forward-looking statements as a result of new information, future events or otherwise.

ALLIQUA BIOMEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 2,299	$ 5,580
Accounts receivable, net	3,572	2,760
Inventory, net	2,783	2,702
Prepaid expenses and other current assets	240	735
Total current assets	8,894	11,777
Improvements and equipment, net	1,818	2,092
Intangible assets, net	26,088	28,498
Goodwill, net	11,959	11,959
Other assets	173	173
Total assets	$ 48,932	$ 54,499
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 2,689	$ 2,612
Accrued expenses and other current liabilities	3,576	5,286
Contingent consideration, current	-	675
Senior secured term loan, net	11,966	11,541
Warrant liability	454	20
Total current liabilities	18,685	20,134
Contingent consideration, long-term	-	1,141
Deferred tax liability	755	749
Other long-term liabilities	328	385
Total liabilities	19,768	22,409
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock, par value $0.001 per share, 1,000,000 shares authorized, no shares issued and outstanding	-	-
Common Stock, par value $0.001 per share, 95,000,000 shares authorized; 50,105,392 and 29,669,036 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	50	30
Additional paid-in capital	164,618	156,363
Accumulated deficit	(135,504)	(124,303)
Total stockholders' equity	29,164	32,090
Total liabilities and stockholders' equity	$ 48,932	$ 54,499

ALLIQUA BIOMEDICAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue, net of returns, allowances and discounts	$ 5,522	$ 4,467	$ 10,116	$ 8,424
Cost of revenues	1,850	1,599	3,510	3,189
Gross profit	3,672	2,868	6,606	5,235
Operating expenses				
Selling, general and administrative	7,278	9,189	15,018	18,930
Royalties	209	258	394	475
Research and product development	9	328	120	527
Acquisition-related	-	104	635	104
Change in fair value of contingent consideration liability	1	(9,092)	35	(8,730)
Total operating expenses	7,497	787	16,202	11,306
(Loss) income from operations	(3,825)	2,081	(9,596)	(6,071)
Other (expense) income				
Interest expense	(596)	(653)	(1,169)	(1,271)
Interest income	2	7	4	15
Change in fair value of warrant liability	251	(75)	369	662
Warrant modification expense	(33)	-	(803)	-
Total other expense	(376)	(721)	(1,599)	(594)
(Loss) income from continuing operations before tax	(4,201)	1,360	(11,195)	(6,665)
Income tax expense	(3)	(3)	(6)	(6)
(Loss) income from continuing operations	(4,204)	1,357	(11,201)	(6,671)
Discontinued operations:				
Income from discontinued operations, net of tax of $0 for the three and six months ended June 30, 2017 and 2016	-	504	-	850
Gain on sale of assets, net of tax of $0 for the three and six months ended June 30, 2017 and 2016	-	3,311	-	3,311
Income from discontinued operations, net of tax	-	3,815	-	4,161
Net (loss) income	$ (4,204)	$ 5,172	$ (11,201)	$ (2,510)
Net (loss) income per basic common share:				
(Loss) income from continuing operations	$ (0.09)	$ 0.05	$ (0.29)	$ (0.24)
Income from discontinued operations	-	0.02	-	0.03
Gain on sale of assets	-	0.11	-	0.12
Total	-	0.13	-	0.15
Net (loss) income per basic common share	$ (0.09)	$ 0.18	$ (0.29)	$ (0.09)
Net (loss) income per diluted common share:				
(Loss) income from continuing operations	$ (0.09)	$ 0.05	$ (0.29)	$ (0.24)
Income from discontinued operations	-	0.02	-	0.03
Gain on sale of assets	-	0.11	-	0.12
Total	-	0.13	-	0.15
Net (loss) income per diluted common share	$ (0.09)	$ 0.18	$ (0.29)	$ (0.09)
Weighted average shares used in computing net (loss) income per common share:				
Basic	45,236,890	28,169,843	38,015,273	27,731,465
Diluted	45,236,890	28,568,600	38,015,273	27,731,465

Use of Non-GAAP Financial Measures

We present these non-GAAP measures because we believe these measures are useful indicators of our operating performance. Our management uses these non-GAAP measures principally as a measure of our operating performance and believes that these measures are useful to investors because they are frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We also believe that these measures are useful to our management and investors as a measure of comparative operating performance from period to period.

The Company has presented the following non-GAAP financial measures in this press release: non-GAAP net loss from continuing operations, adjusted EBITDA from continuing operations and non-GAAP net loss from continuing operations per share. The Company defines non-GAAP net loss from continuing operations as its reported net loss (GAAP) stock-compensation expense, one-time charges and other non-recurring operating costs and expenses, intangible asset amortization, change in fair value of contingent consideration, change in value of warrant liability, impairment charges to goodwill and other intangibles and income from discontinued operations. The Company defines adjusted EBITDA from continuing operations as non-GAAP net loss from continuing operations excluding income tax expense, net interest expense, and depreciation and amortization.

ALLIQUA BIOMEDICAL, INC. AND SUBSIDIARIES
Reconciliation of GAAP results to Non-GAAP results from continuing operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(U.S. dollars in thousands)	**2017**	**2016**	**2017**	**2016**
Table of Reconciliation from GAAP Net Loss to Non-GAAP Net Loss from Continuing Operations				
GAAP Net Loss	**$ (4,204)**	$ 5,172	**$ (11,201)**	$ (2,510)
Stock-based compensation	**427**	1,374	**918**	3,080
Acquisition related expenses	**-**	104	**635**	104
Change in fair value of contingent consideration	**1**	(9,092)	**35**	(8,730)
Change in fair value of warrant liability	**(251)**	75	**(369)**	(662)
Other*	**33**	-	**803**	-
Income from discontinued ops, net	**-**	(3,815)	**-**	(4,161)
Non-GAAP Net Loss from Continuing Operations	**$ (3,994)**	$ (6,182)	**$ (9,179)**	$ (12,879)
Income tax expense (benefit)	**3**	3	**6**	6
Interest expense, net	**594**	646	**1,165**	1,256
Depreciation & Amortization	**1,379**	1,048	**2,761**	2,085
Adjusted EBITDA Loss from Continuing Operations	**$ (2,018)**	$ (4,485)	**$ (5,247)**	$ (9,532)
Table Comparing GAAP Diluted Net Loss Per Common Share to Non-GAAP Diluted Net Loss from Continuing Operations Per Common Share				
GAAP Diluted Net Loss Per Common Share	**$ (0.09)**	$ 0.18	**$ (0.29)**	$ (0.09)
Non-GAAP diluted Net Loss from Continuing Operations Per Common Share	**$ (0.09)**	$ (0.22)	**$ (0.24)**	$ (0.46)
Shares used in computing GAAP net loss per common share & non-GAAP diluted net loss from continued operations per common share	**45,236,890**	28,568,600	**38,015,273**	27,731,465

**"Other" for the three months ended June 30, 2017 includes a $33 thousand warrant modification expense in connection with an amendment of the warrant issued to Perceptive Credit Opportunities Fund, L.P. "Other" for the six months ended June 30, 2017 includes an $803 thousand warrant modification expense in connection with an amendment of the warrant issued to Perceptive Credit Opportunities Fund, L.P.*

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