

CorMedix Inc.
Form 10-Q
May 07, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-34673

CORMEDIX INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

20-5894890
(I.R.S. Employer Identification No.)

Organization)

1430 US Highway 206, Suite 200,
Bedminster, NJ
(Address of Principal Executive Offices)

07921
(Zip Code)

(908) 517-9500

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of shares outstanding of the issuer’s common stock, as of May 6, 2015 was 31,052,608.

CORMEDIX INC. AND SUBSIDIARY

INDEX

PART I FINANCIAL INFORMATION

| | |
|--|----|
| Item 1. Unaudited Condensed Consolidated Financial Statements | |
| Condensed Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014 | 3 |
| Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the Three Months Ended March 31, 2015 and 2014 | 4 |
| Condensed Consolidated Statement of Changes in Stockholders' Equity for the Three Months Ended March 31, 2015 | 5 |
| Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 | 6 |
| Notes to Unaudited Condensed Consolidated Financial Statements | 7 |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations | 20 |
| Item 4. Controls and Procedures | 30 |
| PART II OTHER INFORMATION | |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | 32 |
| Item 6. Exhibits | 32 |
| SIGNATURES | 33 |

PART I
FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

CORMEDIX INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

| | March 31, 2015 | December 31, 2014 |
|---|--------------------|-------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$8,799,328 | \$4,339,540 |
| Restricted cash | 131,994 | - |
| Trade receivables | 69,359 | 80,183 |
| Inventories, net | 461,405 | 463,029 |
| Other prepaid expenses and current assets | 224,313 | 155,210 |
| Total current assets | 9,686,399 | 5,037,962 |
| Property and equipment, net | 47,011 | 41,458 |
| Security deposit | 18,342 | 18,342 |
| TOTAL ASSETS | \$9,751,752 | \$5,097,762 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$1,428,717 | \$893,385 |
| Accrued expenses | 682,155 | 521,525 |
| Deferred revenue | 9,026 | 10,477 |
| Total current liabilities | 2,119,898 | 1,425,387 |
| Deferred revenue, long term | 35,647 | 37,903 |
| TOTAL LIABILITIES | 2,155,545 | 1,463,290 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock - \$0.001 par value: 2,000,000 shares authorized; 450,085 and 949,948 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively | 450 | 950 |
| Common stock - \$0.001 par value: 80,000,000 shares authorized; 27,864,841 and 22,461,668 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively | 27,865 | 22,461 |
| Deferred stock issuances | (110) | (110) |
| Accumulated other comprehensive income | 101,782 | 98,972 |
| Additional paid-in capital | 89,167,955 | 79,716,265 |
| Accumulated deficit | (81,701,735) | (76,204,066) |
| TOTAL STOCKHOLDERS' EQUITY | 7,596,207 | 3,634,472 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$9,751,752 | \$5,097,762 |

See Notes to Unaudited Condensed Consolidated Financial Statements.

CORMEDIX INC. AND SUBSIDIARY
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

| | March 31, | |
|---|----------------|----------------|
| | 2015 | 2014 |
| Revenue | | |
| Net sales | \$31,264 | \$12,203 |
| Cost of sales | (17,319) | (81,026) |
| Gross profit (loss) | 13,945 | (68,823) |
| Operating Expenses | | |
| Research and development | (1,234,515) | (353,018) |
| Selling, general and administrative | (4,276,354) | (2,512,709) |
| Total operating expenses | (5,510,869) | (2,865,727) |
| Loss From Operations | (5,496,924) | (2,934,550) |
| Other Income (Expense) | | |
| Interest income | 543 | 521 |
| Foreign exchange transaction loss | (429) | (7,638) |
| Loss on issuance of preferred stock, convertible notes and warrants | - | (89,590) |
| Change in fair value of derivative liabilities | - | (13,681,569) |
| Interest expense | (859) | (465) |
| Net Loss | (5,497,669) | (16,713,291) |
| Other Comprehensive Income (Loss) | | |
| Foreign currency translation gain (loss) | 2,810 | (1,361) |
| Comprehensive Loss | \$(5,494,859) | \$(16,714,652) |
| Net Loss | \$(5,497,669) | \$(16,713,291) |
| Dividends, including beneficial conversion feature | (33,121) | (27,150) |
| Net Loss Attributable To Common Shareholders | \$(5,530,790) | \$(16,740,441) |
| Net Loss Per Common Share – Basic and Diluted | \$(0.23) | \$(0.87) |
| Weighted Average Common Shares Outstanding – Basic and Diluted | 23,921,605 | 19,264,884 |

See Notes to Unaudited Condensed Consolidated Financial Statements.

CORMEDIX INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
STOCKHOLDERS' EQUITY
(Unaudited)

| | Common Stock | | Non-Voting Preferred Stock –Series B, Series C-2, Series C-3, Series D and Series E | | Deferred Stock Issuances | Accumulated Other Comprehensiv Income | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity |
|--|--------------|----------|--|--------|--------------------------------|--|----------------------------------|------------------------|----------------------------------|
| | Shares | Amount | Shares | Amount | | | | | |
| Balance at January 1, 2015 | 22,461,668 | \$22,461 | 949,948 | \$950 | \$(110) | \$98,972 | \$79,716,265 | \$(76,204,066) | \$3,634,472 |
| Conversion of Series B non-voting preferred stock to common stock | 454,546 | 455 | (454,546) | (455) | | | - | | - |
| Conversion of Series C-3 non-voting preferred stock to common stock | 425,000 | 425 | (42,500) | (42) | | | (383) | | - |
| Conversion of Series E non-voting preferred stock to common stock | 61,598 | 62 | (2,817) | (3) | | | (59) | | - |
| Stock issued in connection with warrants exercised | 2,248,858 | 2,249 | | | | | 6,699,919 | | 6,702,168 |
| Stock issued in connection with warrants cashless exercised | 2,158,033 | 2,158 | | | | | (2,158) | | - |
| Stock issued in connection with stock options exercised | 50,000 | 50 | | | | | 125,450 | | 125,500 |

| | | | | | | | | | |
|---|------------|----------|---------|-------|---------|-----------|--------------|----------------|--------------|
| Stock issued in connection with conversion of wages | 5,138 | 5 | | | | | 18,745 | | 18,750 |
| Warrants issued in connection with backstop agreement | | | | | | | 1,583,252 | | 1,583,252 |
| Stock-based compensation | | | | | | | 1,026,924 | | 1,026,924 |
| Other comprehensive income | | | | | | | 2,810 | | 2,810 |
| Net loss | | | | | | | | (5,497,669) | (5,497,669) |
| Balance at March 31, 2015 | 27,864,841 | \$27,865 | 450,085 | \$450 | \$(110) | \$101,782 | \$89,167,955 | \$(81,701,735) | \$7,596,207 |

See Notes to Unaudited Condensed Consolidated Financial Statements.

CORMEDIX INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

| | For the Three Months Ended March 31, | |
|---|---|----------------|
| | 2015 | 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$(5,497,669) | \$(16,713,291) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Stock-based compensation | 1,026,924 | 1,415,244 |
| Warrants issued in connection with backstop agreement | 1,583,252 | - |
| Loss on foreign currency transactions | 429 | 7,638 |
| Loss on issuance of preferred stock, convertible notes and warrants | - | 89,590 |
| Revaluation of derivative liability | - | 13,681,569 |
| Depreciation | 3,158 | 2,446 |
| Changes in operating assets and liabilities: | | |
| Restricted cash | (131,994) | (76) |
| Trade receivables | 2,304 | (11,813) |
| Inventory | 1,624 | 16,288 |