

CorMedix Inc.
Form 10-Q
November 12, 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 September 30, 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.)

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)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 November 10, 2015 was 35,376,502.

CORMEDIX INC.

INDEX

PART I FINANCIAL INFORMATION	1
Item 1. Consolidated Financial Statements.	1
Condensed Consolidated Balance Sheets (Unaudited) September 30, 2015 and December 31, 2014	1
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited) for the Three and Nine Months Ended September 30, 2015 and 2014	2
Condensed Consolidated Statement of Changes in Stockholders' Equity (Unaudited) for the Nine Months Ended September 30, 2015	3
Condensed Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2015 and 2014	4
Notes to Unaudited Condensed Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.	24
Item 4. Controls and Procedures.	38
PART II OTHER INFORMATION	39
Item 1. Legal Proceedings .	40
Item 6. Exhibits.	39
SIGNATURES	41
EXHIBIT INDEX	42

PART I

FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

CORMEDIX INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,246,979	\$ 4,339,540
Restricted cash	171,553	-
Short-term investments	23,604,615	-
Trade receivables	124,745	80,183
Inventories, net	699,148	463,029
Prepaid expense, clinical	86,191	-
Prepaid expenses and other current assets	327,276	155,210
Total current assets	39,260,507	5,037,962
Property and equipment, net	41,075	41,458
Security deposit	5,000	18,342
TOTAL ASSETS	\$ 39,306,582	\$ 5,097,762
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,424,668	\$ 893,385
Accrued expenses	1,450,157	521,525
Deferred revenue	6,769	10,477
Total current liabilities	2,881,594	1,425,387
Deferred revenue, long term	33,391	37,903
TOTAL LIABILITIES	2,914,985	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 September 30, 2015 and December 31, 2014, respectively	450	950
Common stock - \$0.001 par value: 80,000,000 shares authorized; 35,376,502 and 22,461,668 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	35,377	22,461
Deferred stock issuances	(110)	(110)
Accumulated other comprehensive income	99,786	98,972
Additional paid-in capital	126,781,405	79,716,265
Accumulated deficit	(90,525,311)	(76,204,066)
TOTAL STOCKHOLDERS' EQUITY	36,391,597	3,634,472
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 39,306,582	\$ 5,097,762

See Notes to Unaudited Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	For the Three Months Ended September 30, 2015	For the Three Months Ended September 30, 2014	For the Nine Months Ended September 30, 2015	For the Nine Months Ended September 30, 2014
Revenue:				
Net sales	\$35,947	\$52,441	\$187,184	\$104,373
Cost of sales	(35,396)	(36,675)	(154,514)	(172,180)
Gross profit (loss)	551	15,766	32,670	(67,807)
Operating Expenses:				
Research and development	(1,764,468)	(292,688)	(4,796,571)	(817,635)
Selling, general and administrative	(2,948,643)	(1,586,614)	(9,580,174)	(5,802,364)
Total Operating Expenses	(4,713,111)	(1,879,302)	(14,376,745)	(6,619,999)
Loss From Operations	(4,712,560)	(1,863,536)	(14,344,075)	(6,687,806)
Other Income (Expense):				
Interest income	25,019	645	30,817	2,153
Foreign exchange transaction gain (loss)	674	(122,645)	(5,352)	(150,803)
Loss on issuance of preferred stock, convertible notes and warrants	-	-	-	(89,590)
Change in fair value of derivative liabilities	-	(586,440)	-	(8,848,953)
Loss on modification of equity instruments and extinguishment of derivative liabilities	-	(2,462,588)	-	(2,462,588)
Interest expense	(1,609)	(553)	(2,635)	(1,531)
Total Income (Expense)	24,084	(3,171,581)	22,830	(11,551,312)
Net (Loss)	(4,688,476)	(5,035,117)	(14,321,245)	(18,239,118)
Other Comprehensive Income (Loss):				
Unrealized loss from investments	5,852	-	348	-
Foreign currency translation gain	1,230	118,319	466	126,302
Total Other Comprehensive Income	7,082	118,319	814	126,302
Comprehensive (Loss)	(4,681,394)	(4,916,798)	(14,320,431)	(18,112,816)
Net (loss)	(4,688,476)	(5,035,117)	(14,321,245)	(18,239,118)
Dividends, including beneficial conversion feature	-	(27,125)	(33,121)	(81,727)
Net (Loss) Attributable To Common Shareholders	\$(4,688,476)	\$(5,062,242)	\$(14,354,366)	\$(18,320,845)
Net (Loss) Per Common Share – Basic and Diluted	\$(0.14)	\$(0.23)	\$(0.48)	\$(0.87)
Weighted Average Common Shares Outstanding – Basic and Diluted	34,585,543	22,080,673	30,082,478	21,161,532

See Notes to Unaudited Condensed Consolidated Financial Statements.

CORMEDIX INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
STOCKHOLDERS' EQUITY

(Unaudited)

For the Nine Months Ended September 30, 2015

	Common Stock		Non-Voting Preferred Stock – Series B, Series C-2, Series C-3, Series D and Series E		Deferred Stock Issuances	Accumulated Other Comprehensive 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	4,581,783	4,582					14,653,579		14,658,161
Stock issued in connection with warrants cashless exercised	2,158,033	2,158					(2,158)		-
Stock issued in connection with stock options	499,955	500					492,460		492,960

exercised				
Stock issued in connection with sale of common stock	4,723,191	4,723	27,238,029	27,242,752
Stock issued in connection with conversion of wages	10,728	11	49,989	50,000
Value of warrants issued in connection with backstop financing			1,583,252	1,583,252
Modification of warrant agreement			112,982	112,982
Short swing profit recovery				