

NephroGenex, Inc.  
Form 10-Q  
August 12, 2014

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 June 30, 2014

OR

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 001-36303

NEPHROGENEX, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

20-1295171

(I.R.S. Employer Identification No.)

79. T.W. Alexander Drive

4401 Research Commons Building

Suite 290 P.O. Box 14188

Research Triangle Park

(Address of principal executive offices)

27709

(Zip Code)

(609) 986-1780

(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 registrant’s common stock as of August 11, 2014 was 8,855,114.

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NephroGenex, Inc.

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For the Three and Six Months Ended June 30, 2014

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

## NephroGenex, Inc.

## Balance Sheets

(in thousands except share and per share information)

	June 30, 2014 (unaudited)	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$11,619	\$2,132
Short-term investments	18,267	—
Prepaid expenses and other assets	444	12
Total current assets	30,330	2,144
Property and equipment, net	11	11
Deferred initial public offering costs	—	461
Other assets	173	4
Total assets	\$30,514	\$2,620
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$927	\$48
Accrued and other liabilities	1,191	1,858
Preferred stock warrant liability	—	6,983
Convertible notes payable	—	7,917
Total current liabilities	2,118	16,806
Stockholders' equity (deficit)		
Series A preferred stock: \$.001 par value; 32,690,676 shares authorized; 0 and 23,688,396 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	—	24
Preferred stock; \$.001 par value; 5,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock; \$.001 par value; 100,000,000 shares authorized; 8,855,114 and 319,882 shares issued and outstanding as of June 30, 2014 and December 31, 2013, respectively	9	—
Additional paid-in capital	76,546	26,789
Accumulated other comprehensive loss	(37	) —
Accumulated deficit	(48,122	) (40,999 )
Total stockholders' equity (deficit)	28,396	(14,186 )
Total liabilities and stockholders' equity (deficit)	\$30,514	\$2,620

(See accompanying Notes to Financial Statements)



NephroGenex, Inc.

Statements of Comprehensive Loss  
(in thousands except share and per share information)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Expenses:				
Research and development	\$3,875	\$221	\$4,332	\$485
General and administrative	1,560	154	2,595	292
Total expenses	5,435	375	6,927	777
Loss from operations	(5,435	) (375	) (6,927	) (777
Other income (expense):				
Change in value of preferred stock warrants	—	(341	) (140	) (341
Interest expense	—	(87	) (78	) (158
Interest income	12	—	22	—
Net loss	\$(5,423	) \$(803	) \$(7,123	) \$(1,276
Net loss per share – basic and diluted	\$(0.61	) \$(2.51	) \$(1.06	) \$(3.99
Weighted average shares outstanding – basic and diluted	8,855,114	319,882	6,733,095	319,882
Other comprehensive loss:				
Net loss	\$(5,423	) \$(803	) \$(7,123	) \$(1,276
Unrealized loss on short-term investments	(37	) —	(37	) —
Comprehensive loss	\$(5,460	) \$(803	) \$(7,160	) \$(1,276

(See accompanying Notes to Financial Statements)

NephroGenex, Inc.

## Statement of Stockholders' Equity (Deficit)

(in thousands except share and per share information)

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2013	23,688,396	\$24	319,882	\$—	\$26,789	\$—	\$(40,999)	\$(14,186)
Issuance of common stock at IPO, net of expenses of \$3,767 (unaudited)	—	—	3,100,000	3	33,430	—	—	33,433
Issuance of common stock for preferred stock warrant (unaudited)	—	—	593,589	1	7,123	—	—	7,124
Issuance of common stock for convertible notes and accrued interest (unaudited)	—	—	1,197,289	1	8,644	—	—	8,645
Issuance of common stock for preferred stock (unaudited)	(23,688,396)	(24)	3,644,354	4	20	—	—	—
Stock based compensation (unaudited)	—	—	—	—	540	—	—	540
Other comprehensive loss (unaudited)	—	—	—	—	—	(37)	—	(37)
Net loss (unaudited)	—	—	—	—	—	—	(7,123)	(7,123)
Balance at June 30, 2014 (unaudited)	—	\$—	8,855,114	\$9	\$76,546	\$(37)	\$(48,122)	\$28,396

(See accompanying Notes to Financial Statements)

NephroGenex, Inc.

## Statements of Cash Flows

(in thousands except share and per share information)

	Six Months Ended	
	June 30,	
	2014	2013
	(unaudited)	(unaudited)
Operating activities		
Net loss	\$(7,123	) \$(1,276
Adjustments to reconcile net loss to net cash and cash equivalents used in operating activities		
Depreciation and amortization	1	3
Change in fair value of preferred stock warrants	140	341
Non-cash interest expense	78	158
Accretion of premium on investment activities	12	—
Accrued interest receivable	1	—
Stock based compensation expense	540	48
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(601	) 18
Accounts payable, accrued and other liabilities	1,294	(668
Net cash and cash equivalents used in operating activities	(5,658	) (1,376
Investing activities		
Purchases of investments	(18,316	) —
Property and equipment purchases	(2	) —
Net cash and cash equivalents used in investing activities	(18,318	) —
Financing activities		
Proceeds from issuance of convertible notes payable	—	1,262
Payment of initial public offering costs	(3,737	) —
Proceeds from issuance of common stock	37,200	—
Net cash and cash equivalents provided by financing activities	33,463	1,262
Net increase (decrease) in cash and cash equivalents	9,487	(114
Cash and cash equivalents at beginning of period	2,132	324