

CLEARONE INC
Form 8-K
November 01, 2018

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): **November 1, 2018 (November 1, 2018)**

ClearOne, Inc.

(Exact name of registrant as specified in its charter)

Delaware **001-33660** **87-0398877**
(State or Other Jurisdiction) (Commission (I.R.S. Employer
of Incorporation) File Number) Identification No.)

5225 Wiley Post Way, Suite 500, Salt Lake City, Utah **84116**
(Address of principal executive offices) (Zip Code)

+1 (801) 975-7200

(Registrant's telephone number, including area code)

Not applicable

(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 communication 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 8.01. Other Events.

ClearOne, Inc. (the “Company”) routinely evaluates the likelihood of realizing the benefit of its deferred tax assets and may record a valuation allowance if, based on all available evidence, it determines that it is more-likely-than-not some portion of the tax benefit will not be realized. As of September 30, 2018, the Company had an aggregate of approximately \$7.9 million in deferred tax assets primarily related to intangible assets, net operating losses, and inventory basis differences. On a quarterly basis, the Company tests the value of deferred tax assets for impairment at the taxpaying-component level within each tax jurisdiction. Significant judgment and estimates are required in determining whether valuation allowances should be established as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

sufficient taxable income within the allowed carryback or carryforward periods;

future reversals of existing taxable temporary differences, including any tax planning strategies that could be utilized;

nature or character (e.g., ordinary vs. capital) of the deferred tax assets and liabilities; and

future taxable income exclusive of reversing temporary differences and carryforwards.

Based on the foregoing criteria, the Company has determined that in the third quarter 2018, it is necessary to record a valuation allowance of \$7.9 million for its deferred tax assets, including a discrete tax expense of \$6.5 million. This valuation allowance and tax expense are non-cash charges that will have no impact the Company’s cash flows for the quarter ended September 30, 2018.

The Company hereby supplements Item 1A. of the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 with the following supplemental risk factor:

Our stock price may in the future not meet the minimum bid price for continued listing on the Nasdaq Capital Market. Our ability to publicly or privately sell equity securities and the liquidity of our common stock could be adversely affected if we are delisted from The Nasdaq Capital Market.

Nasdaq Listing Rule 5450(a)(1) provides that the closing bid price for our common stock may not be below \$1.00 per share for any period of 30 consecutive trading days to maintain our continued listing on The Nasdaq Capital Market (“Minimum Bid Price Rule”). Although we are currently in compliance with the Minimum Bid Price Rule, there can be no assurance that our common stock will continue to satisfy this rule. If we were to fail to comply with the Minimum Bid Price Rule in the future and became subject to delisting, such delisting from Nasdaq would adversely affect our

ability to raise additional financing through the public or private sale of equity securities, would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our common stock. Delisting also could have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

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.

CLEARONE, INC.

Date: November 1, 2018 By: */s/ Zeynep Hakimoglu*
Zeynep Hakimoglu
Chief Executive Officer

(Principal Executive Officer)