

NovaBay Pharmaceuticals, Inc.
Form 10-Q
July 31, 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 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 001-33678

NOVABAY PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

68-0454536
(I.R.S. Employer Identification No.)

5980 Horton Street, Suite 550, Emeryville CA 94608

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (510) 899-8800

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 Exchange Act Rule 12b-2). Yes No

As of July 28, 2014, there were 50,779,057 shares of the registrant's common stock outstanding.

NOVABAY PHARMACEUTICALS, INC.

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Unless the context requires otherwise, all references in this report to “we,” “our,” “us,” the “Company” and “NovaBay” refer to NovaBay Pharmaceuticals, Inc. and its subsidiaries.

NovaBay[®], NovaBay Pharma[®], AgaNase[®], Aganocide[®], NeutroPhase[®], AgaDerm[®], and Going Beyond Antibiotics[™] are trademarks of NovaBay Pharmaceuticals, Inc. All other trademarks and trade names are the property of their respective owners.

PART I**FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****NOVABAY PHARMACEUTICALS, INC.****(a development stage company)****CONSOLIDATED BALANCE SHEETS**

	June 30, 2014	December 31, 2013
	(unaudited)	(Note 2)
<u>(in thousands, except per share data)</u>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,757	\$ 10,500
Short-term investments	3,808	2,553
Accounts receivable	440	784
Inventory	218	231
Prepaid expenses and other current assets	656	723
Total current assets	12,879	14,791
Property and equipment, net	488	718
Other assets	146	141
TOTAL ASSETS	\$ 13,513	\$ 15,650
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 520	\$ 1,674
Accrued liabilities	1,301	1,616
Deferred revenue	196	337
Total current liabilities	2,017	3,627
Deferred revenues - non-current	1,601	1,534
Deferred rent	155	136
Warrant liability	520	1,837
Total liabilities	4,293	7,134
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000 shares authorized; none outstanding at June 30, 2014 and December 31, 2013	—	—
Common stock, \$0.01 par value; 120,000 shares authorized at June 30, 2014 and 65,000 shares authorized at December 31, 2013; 50,779 and 44,624 issued and outstanding at June	508	446

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30, 2014 and December 31, 2013, respectively

Additional paid-in capital	71,586	64,438
Accumulated other comprehensive loss	(13)	(15)
Accumulated deficit during development stage	(62,861)	(56,353)
Total stockholders' equity	9,220	8,516
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 13,513	\$ 15,650

The accompanying notes are an integral part of these consolidated financial statements.

NOVABAY PHARMACEUTICALS, INC.

(a development stage company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Cumulative Period from July 1, 2002 (inception) to June 30, 2014
<u>(in thousands, except per share data)</u>	2014	2013	2014	2013	2014
Sales:					
Product revenue	\$21	\$ 17	\$209	\$ 80	\$ 446
Cost of goods sold	18	16	148	38	318
Gross profit	3	1	61	42	128