

Neonode, Inc
Form 10-Q
November 09, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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 and Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 1-35526

NEONODE INC.

(Exact name of registrant as specified in its charter)

Delaware	94-1517641
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Storgatan 23C, 114 55 Stockholm, Sweden

(Address of principal executive offices and zip code)

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+46 (0) 8 667 17 17

(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 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", "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Smaller reporting company Non-accelerated filer
(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 of the registrant's common stock outstanding as of November 5, 2015 was 43,724,984.

NEONODE INC.

Form 10-Q

For the Fiscal Quarter Ended September 30, 2015

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PART I. Financial Information**Item 1. Financial Statements****NEONODE INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share amounts)

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current assets:		
Cash	\$ 950	\$ 6,129
Accounts receivable, net	489	1,106
Projects in process	1,044	200
Prepaid expenses and other current assets	715	513
Total current assets	3,198	7,948
Property and equipment, net	582	654
Total assets	\$ 3,780	\$ 8,602
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	\$ 1,121	\$ 566
Accrued expenses	1,510	935
Deferred revenues	1,873	3,403
Current portion of capital lease obligation	57	61
Total current liabilities	4,561	4,965
Capital lease obligation, net of current portion	297	367
Total liabilities	4,858	5,332
Commitments and contingencies		
Stockholders' (deficit) equity:		
Series B Preferred stock, 54,425 shares authorized with par value \$0.001 per share; 83 shares issued and outstanding at September 30, 2015 and December 31, 2014. (In the event of dissolution, each share of Series B Preferred stock has a liquidation preference equal to par value of \$0.001 per share over the shares of common stock)	--	--

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Common stock, 70,000,000 shares authorized with par value \$0.001 per share; 40,524,984 and 40,455,352 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	40	40
Additional paid-in capital	169,958	169,010
Accumulated other comprehensive income	82	149
Accumulated deficit	(171,161)	(165,929)
Total Neonode Inc. stockholder's (deficit) equity	(1,081)	3,270
Noncontrolling interests	3	-
Total stockholders' (deficit) equity	(1,078)	3,270
Total liabilities and stockholders' (deficit) equity	\$ 3,780	\$ 8,602

See accompanying notes to condensed consolidated financial statements.

NEONODE INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net revenues	\$ 3,113	\$ 1,126	\$ 8,152	\$ 3,005
Cost of revenues	909	422	1,984	1,040
Gross margin	2,204	704	6,168	1,965
Operating expenses:				
Product research and development	1,555	1,767	4,763	5,293
Sales and marketing	845	725	2,648	2,523
General and administrative	1,152	1,457	3,908	5,275
Total operating expenses	3,552	3,949	11,319	13,091
Operating loss	(1,348)	(3,245)	(5,151)	(11,126)
Other expense:				
Interest expense	4	-	12	-
Other expense, net	-	-	28	-
Total other expense	4	-	40	-
Loss before provision for income taxes	(1,352)	(3,245)	(5,191)	(11,126)
Provision for income taxes	16	-	41	1
Net loss including noncontrolling interests	(1,368)	(3,245)	(5,232)	(11,127)
Less: Net loss attributable to noncontrolling interests	-	-	-	-
Net loss attributable to Neonode Inc.	\$ (1,368)	\$ (3,245)	\$ (5,232)	\$ (11,127)
Loss per common share:				
Basic and diluted loss per share	\$ (0.03)	\$ (0.08)	\$ (0.13)	\$ (0.28)
Basic and diluted – weighted average number of common shares outstanding	40,525	40,455	40,493	39,219

See accompanying notes to condensed consolidated financial statements.

NEONODE INC.**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(In thousands)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Net loss	\$(1,368)	\$(3,245)	\$(5,232)	\$(11,127)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(20)	(82)	(67)	(17)
Comprehensive loss	(1,388)	(3,327)	(5,299)	(11,144)
Less: Comprehensive income (loss) attributable to noncontrolling interests	-	-	-	-
Comprehensive loss attributable to Neonode Inc.	\$(1,388)	\$(3,327)	\$(5,299)	\$(11,144)

See accompanying notes to condensed consolidated financial statements.

NEONODE INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(Unaudited)

	Nine months ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net loss (including noncontrolling interests)	\$(5,232)	\$(11,127)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	948	1,594
Bad debt expense	-	18
Loss on disposal of property and equipment	28	-
Depreciation and amortization	138	145
Changes in operating assets and liabilities:		
Accounts receivable	617	393
Projects in process	(847)	229
Prepaid expenses and other current assets	(231)	(176)
Accounts payable and accrued expenses	1,221	252
Deferred revenues	(1,528)	(381)
Net cash used in operating activities	(4,886)	(9,053)
Cash flows from investing activities:		
Purchase of property and equipment	(137)	(98)
Net cash used in investing activities	(137)	(98)
Cash flows from financing activities:		
Proceeds from sales of common stock, net of offering costs	-	9,253
Contributions from noncontrolling interests	3	-
Proceeds from exercise of stock warrants	-	36
Principal payments on capital lease obligation	(43)	(18)
Net cash (used in) provided by financing activities	(40)	9,271
Effect of exchange rate changes on cash	(116)	(91)
Net increase (decrease) in cash	(5,179)	29
Cash at beginning of period	6,129	8,815
Cash at end of period	\$950	\$8,844

Supplemental disclosure of cash flow information:

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Cash paid for income taxes	\$41	\$1
Cash paid for interest	\$12	\$8
Supplemental disclosure of non-cash investing and financing activities		
Purchase of equipment with capital lease obligations	\$-	\$530

See accompanying notes to condensed consolidated financial statements.

NEONODE INC.

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

1. Interim Period Reporting

The accompanying unaudited interim condensed consolidated financial statements, include all adjustments, consisting of normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations and cash flows for the interim periods presented. The results of operations for the three and nine months ended September 30, 2015 are not necessarily indicative of results for a full fiscal year or any other period.

The accompanying condensed consolidated financial statements for the three and nine months ended September 30, 2015 and 2014 have been prepared by us, pursuant to the rules and regulations of the United States (“U.S.”) Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally contained in financial statements prepared in accordance with accounting principles generally accepted in the U.S. (“U.S. GAAP”) have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.