

NEPHROS INC  
Form 424B3  
August 29, 2017

**Prospectus Supplement Filed Pursuant to Rule 424(b)(3)**

**Registration No. 333-205169**

**PROSPECTUS SUPPLEMENT NO. 2 DATED AUGUST 29, 2017**

**(To Prospectus Dated April 20, 2017)**

**NEPHROS, INC.**

This is a supplement (“Prospectus Supplement No. 2”) to our prospectus, dated April 20, 2017 (the “Prospectus”), relating to up to 2,751,448 shares of our common stock, of which 917,149 are issuable upon the exercise of outstanding warrants.

This Prospectus Supplement No. 2 is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, including any amendments or supplements thereto.

**Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2017**

On August 8, 2017, we filed with the Securities and Exchange Commission a quarterly report on Form 10-Q for the quarter ended June 30, 2017 (the “Form 10-Q”). The Form 10-Q, as filed (but without the exhibits filed with the Form 10-Q), is set forth below.

The information contained in this Prospectus Supplement No. 2 supplements and supersedes, in relevant part, the information contained in the Prospectus, as amended and supplemented. This Prospectus Supplement No. 2 is incorporated by reference into, and should be read in conjunction with, the Prospectus, as amended and supplemented, and is not complete without, and may not be delivered or utilized except in connection with, the Prospectus, as amended and supplemented.

All references in the Prospectus to “this prospectus” are amended to read “this prospectus (as supplemented and amended).”

**Investing in our common stock involves substantial risks. See “Risk Factors” beginning on page 8 of the Prospectus to read about important factors you should consider before purchasing our common stock.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus SUPPLEMENT NO. 2. Any representation to the contrary is a criminal offense.**

The date of this Prospectus Supplement No. 2 is August 29, 2017

**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, 2017**

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: 001-32288

**NEPHROS, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of  
incorporation or organization)

**13-3971809**

(I.R.S. Employer

Identification No.)

**41 Grand Avenue**

**07661**

**River Edge, NJ**

(Address of principal executive offices) (Zip Code)

**(201) 343-5202**

Registrant's telephone number, including area code

N/A

(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. [X] 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). [X] YES [ ] NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]

Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [X]

Emerging growth company [ ]

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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. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ]  
YES [X] NO

As of August 5, 2017, 54,160,547 shares of the registrant's common stock, \$0.001 par value per share, were outstanding.

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements.****NEPHROS, INC. AND SUBSIDIARY****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share amounts)**

	(Unaudited) June 30, 2017	(Audited) December 31, 2016
<b>ASSETS</b>		
Current assets:		
Cash	\$ 301	\$275
Accounts receivable, net	584	388
Investment in lease, net-current portion	15	27
Inventory, net	603	479
Prepaid expenses and other current assets	50	95
Total current assets	1,553	1,264
Property and equipment, net	56	70
Investment in lease, net-less current portion	54	61
License and supply agreement, net	1,157	1,262
Other asset	21	21
Total assets	\$ 2,841	\$2,678
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 513	\$585
Accrued expenses	340	240
Deferred revenue, current portion	70	70
Total current liabilities	923	895
Unsecured long-term note payable, net of debt issuance costs and debt discount of \$295 and \$349, respectively	892	838
Long-term portion of deferred revenue	243	278
Total liabilities	2,058	2,011

Commitments and Contingencies (Note 13)

Stockholders' equity:

Preferred stock, \$.001 par value; 5,000,000 shares authorized at June 30, 2017 and December 31, 2016; no shares issued and outstanding at June 30, 2017 and December 31, 2016	-	-
Common stock, \$.001 par value; 90,000,000 shares authorized at June 30, 2017 and December 31, 2016; 54,160,547 and 49,782,797 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively.	54	50
Additional paid-in capital	122,417	120,835
Accumulated other comprehensive income	75	67
Accumulated deficit	(121,763 )	(120,285)
Total stockholders' equity	783	667
Total liabilities and stockholders' equity	\$ 2,841	\$2,678

*The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.*



## NEPHROS, INC. AND SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net revenues:				
Product revenues	\$785	\$452	\$1,475	\$997
License, royalty and other revenues	74	57	118	102
Total net revenues	859	509	1,593	1,099
Cost of goods sold	342	212	621	507
Gross margin	517	297	972	592
Operating expenses:				
Research and development	277	254	507	