

Avinger Inc  
Form 10-Q  
November 14, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 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: 001-36817

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**AVINGER, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-8873453**  
(I.R.S. Employer  
Identification Number)

**400 Chesapeake Drive**

**Redwood City, California 94063**

(Address of principal executive offices and zip code)

**(650) 241-7900**

(Telephone number, including area code)

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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, a smaller reporting company, or an emerging growth company. See definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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Non-accelerated filer   
(Do not check if a smaller reporting company)

Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of November 1, 2017, the number of outstanding shares of the registrant's common stock, par value \$0.001 per share, was 31,539,117.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business, operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as anticipate, assume, believe, contemplate, continue, could, due, estimate, expect, may, objective, plan, predict, potential, positioned, seek, should, target, will, would and other similar expressions that are intended to indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the outcome of and expectations regarding our current clinical studies and any additional clinical studies we initiate;
- our plans to modify our current products, or develop new products, to address additional indications;
- our ability to obtain additional financing through our at-the-market program and future equity or debt financings;
- the expected timing of 510(k) submission to the U.S. Food and Drug Administration ( FDA ), and associated marketing clearances by FDA, for enhanced versions of Pantheris;
- the expected growth in our business and our organization;
- our expectations regarding government and third-party payor coverage and reimbursement, including the ability of Pantheris to qualify for reimbursement codes used by other atherectomy products;
- our ability to continue as a going concern;
- our ability to retain and recruit key personnel, including our sales and marketing infrastructure;

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- our ability to obtain and maintain customers with a reduced salesforce after our April 2017 organizational realignments and the implementation of our September 2017 cost reduction plan;
- our ability to obtain and maintain intellectual property protection for our products;
- our estimates of our expenses, ongoing losses, future revenue, capital requirements and our needs for, or ability to obtain, additional financing;
- our expectations regarding revenue, cost of revenue, gross margins, and expenses, including research and development and selling, general and administrative expenses;
- our expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act;
- our ability to identify and develop new and planned products and acquire new products;
- our financial performance;
- our ability to remain in compliance with laws and regulations that currently apply or become applicable to our business, both in the United States and internationally;
- our intention to vigorously defend against pending securities lawsuits; and
- developments and projections relating to our competitors or our industry.

We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. These forward-looking statements are based on management's current expectations, estimates, forecasts and projections about our business and the industry in which we operate and management's beliefs and assumptions and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Quarterly Report on Form 10-Q may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q. We urge you to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We assume no obligation to update or revise these

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forward-looking statements for any reason, even if new information becomes available in the future.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this Quarterly Report on Form 10-Q to conform these statements to actual results or to changes in our expectations.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed with the United States Securities and Exchange Commission ( SEC ) as exhibits to the Quarterly Report on Form 10-Q with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

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## AVINGER, INC.

AS OF AND FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2017

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Avinger, Pantheris, and Lumivascular are trademarks of our company. Our logo and our other trade names, trademarks and service marks appearing in this Quarterly Report on Form 10-Q are our property. Other trade names, trademarks and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Solely for convenience, our trademarks and trade names referred to in this Quarterly Report on Form 10-Q appear without the symbol, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor to these trademarks and trade names.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. UNAUDITED FINANCIAL STATEMENTS****AVINGER, INC.****CONDENSED BALANCE SHEETS****(unaudited)***(In thousands, except share and per share data)*

	September 30, 2017	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 10,170	\$ 36,096
Accounts receivable, net of allowance for doubtful accounts of \$123 at September 30, 2017 and \$21 at December 31, 2016	1,197	3,570
Inventories	5,046	8,462
Prepaid expenses and other current assets	880	662
Total current assets	17,293	48,790
Property and equipment, net	3,458	4,555
Other assets	220	212
Total assets	\$ 20,971	\$ 53,557
<b>Liabilities and stockholders' equity (deficit)</b>		
Current liabilities:		
Accounts payable	\$ 841	\$ 1,607
Accrued compensation	1,401	2,807
Accrued expenses and other current liabilities	2,151	3,067
Borrowings	43,112	41,289
Total current liabilities	47,505	48,770
Other long-term liabilities	177	546
Total liabilities	47,682	49,316
Commitments and contingencies (Note 7)		
Stockholders' equity (deficit):		
Preferred stock issuable in series, par value of \$0.001 Shares authorized: 5,000,000 at September 30, 2017 and December 31, 2016 Shares issued and outstanding: none at September 30, 2017 and December 31, 2016		
Common stock, par value of \$0.001 Shares authorized: 100,000,000 at September 30, 2017 and December 31, 2016 Shares issued and outstanding: 31,539,117 at September 30, 2017 and 23,776,033 at December 31, 2016	32	24



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Additional paid-in capital		264,434		256,606
Accumulated deficit		(291,177)		(252,389)
Total stockholders' equity (deficit)		(26,711)		4,241
Total liabilities and stockholders' equity (deficit)	\$	20,971	\$	53,557

See accompanying notes.

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**AVINGER, INC.**

**CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(unaudited)**

*(In thousands, except per share data)*

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenues	\$ 2,071	\$ 5,316	\$ 8,021	\$ 14,535
Cost of revenues	3,274	3,742	11,268	10,747
Gross profit (loss)	(1,203)	1,574	(3,247)	3,788
Operating expenses:	_____			