

OMEROS CORP
Form 10-Q
November 09, 2016
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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 September 30, 2016

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: 001-34475

OMEROS CORPORATION

(Exact name of registrant as specified in its charter)

Washington 91-1663741
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

201 Elliott Avenue West 98119
Seattle, Washington (Address of principal executive offices) (Zip Code)
(206) 676-5000
(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, as amended, 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 (§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). 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 (Do not check if a smaller reporting company) 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

As of November 2, 2016, the number of outstanding shares of the registrant's common stock, par value \$0.01 per share, was 42,915,928.

of Operations” and in our other filings with the Securities and Exchange Commission, or SEC. Given these risks, uncertainties and other factors, actual results or anticipated developments may not be realized or, even if substantially realized, may not have the

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expected consequences to or effects on our company, business or operations. Accordingly, you should not place undue reliance on these forward-looking statements, which represent our estimates and assumptions only as of the date of the filing of this Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual results in subsequent periods may materially differ from current expectations. Except as required by applicable law, we assume no obligation to update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OMEROS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(unaudited)

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,297	\$ 1,365
Short-term investments	37,144	26,898
Receivables	10,457	6,517
Inventory	1,396	472
Prepaid expense	1,355	1,894
Total current assets	60,649	37,146
Property and equipment, net	1,206	951
Restricted cash and investments	10,835	10,679
Other assets	73	219
Total assets	\$ 72,763	\$ 48,995
Liabilities and shareholders' deficit		
Current liabilities:		
Accounts payable	\$ 3,985	\$ 6,428
Accrued expenses	11,882	9,752
Current portion of notes payable	190	73
Total current liabilities	16,057	16,253
Notes payable, net of current portion	70,289	49,769
Deferred rent	9,189	9,207
Commitments and contingencies (Note 8)		
Shareholders' deficit:		
Preferred stock, par value \$0.01 per share, 20,000,000 shares authorized and none issued and outstanding at September 30, 2016 and December 31, 2015	—	—
Common stock, par value \$0.01 per share, 150,000,000 shares authorized at September 30, 2016 and December 31, 2015; 42,910,489 and 38,040,891 issued and outstanding at September 30, 2016 and December 31, 2015, respectively	429	380
Additional paid-in capital	427,054	376,528
Accumulated deficit	(450,255)	(403,142)
Total shareholders' deficit	(22,772)	(26,234)
Total liabilities and shareholders' deficit	\$ 72,763	\$ 48,995
See notes to condensed consolidated financial statements		

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OMEROS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except share and per share data)

(unaudited)

	Three Months Ended		Nine Months	
	September 30,		Ended	
	2016	2015	2016	2015
Revenues				
Product sales, net	\$ 11,289	\$ 3,244	\$ 28,539	\$ 6,607
Grant revenue	—	15	173	227
Total revenue	11,289	3,259	28,712	6,834
Costs and expenses				
Cost of product sales	378	248	1,032	624
Research and development	12,492	13,264	38,157	33,482
Selling, general and administrative	10,457	9,048	31,942	25,926
Total costs and expenses	23,327	22,560	71,131	60,032
Loss from operations	(12,038)	(19,301)	(42,419)	(53,198)
Interest expense	(2,135)	(871)	(5,367)	(2,765)
Other income (expense), net	211	251	673	693
Net loss	\$(13,962)	\$(19,921)	\$	\$