

OTONOMY, INC.  
Form 10-Q  
August 08, 2018

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 June 30, 2018

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: 001-36591

Otonomy, Inc.

(Exact name of registrant as specified in its charter)

Delaware 26-2590070  
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification Number)

4796 Executive Drive

San Diego, California 92121

(619) 323-2200

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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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 (§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, 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a small 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 Exchange Act). Yes No

The number of shares of the registrant’s common stock, par value \$0.001, outstanding as of August 3, 2018 was 30,630,125.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

Otonomy, Inc.

## Condensed Balance Sheets

(in thousands, except share and per share data)

	June 30, 2018 (unaudited)	December 31, 2017
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 19,024	\$ 18,456
Short-term investments	80,984	101,548
Accounts receivable, net	14	107
Prepaid and other current assets	2,398	2,334
<b>Total current assets</b>	<b>102,420</b>	<b>122,445</b>
Restricted cash	1,160	1,158
Property and equipment, net	4,529	4,679
Other long-term assets	82	82
<b>Total assets</b>	<b>\$ 108,191</b>	<b>\$ 128,364</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 877	\$ 961
Accrued expenses	2,645	3,881
Accrued compensation	1,943	3,307
Current portion of deferred rent	39	42
<b>Total current liabilities</b>	<b>5,504</b>	<b>8,191</b>
Deferred rent, net of current portion	2,951	2,894
<b>Total liabilities</b>	<b>8,455</b>	<b>11,085</b>
<b>Commitments and Contingencies</b>		
<b>Stockholders' equity:</b>		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized at June 30, 2018		
and December 31, 2017; no shares issued or outstanding at June 30, 2018 and		
December 31, 2017	—	—
Common stock, \$0.001 par value; 200,000,000 shares authorized at June 30, 2018		
and December 31, 2017; 30,630,125 and 30,558,726 shares issued and outstanding		
at June 30, 2018 and December 31, 2017, respectively	31	31
<b>Additional paid-in capital</b>	<b>489,578</b>	<b>482,198</b>
<b>Accumulated other comprehensive loss</b>	<b>(46 )</b>	<b>(100 )</b>

Accumulated deficit	(389,827 )	(364,850)
Total stockholders' equity	99,736	117,279
Total liabilities and stockholders' equity	\$ 108,191	\$ 128,364

See accompanying notes.

Otonomy, Inc.

## Condensed Statements of Operations

(in thousands, except share and per share data)

	Three Months Ended		Six Months Ended June 30,	
	June 30, 2018	2017 (unaudited)	2018	2017
Product sales, net	\$ 123	\$ 326	\$ 424	\$ 684
Costs and operating expenses:				
Cost of product sales	241	397	513	860
Research and development	8,225	12,714	13,875	25,899
Selling, general and administrative	5,619	10,747	11,776	24,839
Total costs and operating expenses	14,085	23,858	26,164	51,598
Loss from operations	(13,962 )	(23,532 )	(25,740 )	(50,914 )
Interest income	409	311	763	615
Net loss	\$(13,553 )	\$(23,221 )	\$(24,977 )	\$(50,299 )
Net loss per share, basic and diluted	\$(0.44 )	\$(0.77 )	\$(0.82 )	\$(1.66 )
Weighted-average shares used to compute net loss per share, basic and diluted	30,594,288	30,269,190	30,581,481	30,263,042

See accompanying notes.

Otonomy, Inc.

Condensed Statements of Comprehensive Loss

(in thousands)

	Three Months Ended June 30, 2018      2017		Six Months Ended June 30, 2018      2017	
	(unaudited)			
Net loss	\$(13,553)	\$(23,221)	\$(24,977)	\$(50,299)
Other comprehensive income (loss):				
Unrealized gain (loss) on available for sale securities	50	(9 )	54	(78 )
Comprehensive loss	\$(13,503) \$			