

ConforMIS Inc
Form 10-Q
May 13, 2016

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 March 31, 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: 001-37474

ConforMIS, Inc.
(Exact name of registrant as specified in its charter)

Delaware 56-2463152
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)
28 Crosby Drive 01730
Bedford, MA
(Address of principal executive offices) (Zip Code)

(781) 345-9001
(Registrant's telephone number, including area code)

(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. 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

Edgar Filing: ConforMIS Inc - Form 10-Q

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.

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 April 30, 2016, there were 41,791,585 shares of Common Stock, \$0.00001 par value per share, outstanding.

ConforMIS, Inc.

INDEX

	Page
<u>Part I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (interim periods unaudited)</u>	<u>1</u>
<u>Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015</u>	<u>1</u>
<u>Consolidated Statements of Operations for the three months ended March 31, 2016 and 2015</u>	<u>2</u>
<u>Consolidated Statement of Comprehensive Loss for the three months ended March 31, 2016 and 2015</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015</u>	<u>4</u>
<u>Notes to Consolidated Financial Statements</u>	<u>5</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>39</u>
<u>Item 4. Controls and Procedures</u>	<u>39</u>
<u>Part II- OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>41</u>
<u>Item 1A. Risk Factors</u>	<u>42</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>81</u>
<u>Item 6. Exhibits</u>	<u>81</u>
<u>Signatures</u>	<u>82</u>

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS
CONFORMIS, INC. AND SUBSIDIARIESConsolidated Balance Sheets
(in thousands, except share and per share data)

	March 31, 2016 (unaudited)	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 76,583	\$ 117,185
Investments	26,939	—
Accounts receivable, net	13,535	14,867
Inventories	11,919	11,520
Prepaid expenses and other current assets	1,899	2,451
Total current assets	130,875	146,023
Property and equipment, net	13,592	10,966
Other Assets		
Restricted cash	600	600
Intangible assets, net	932	995
Goodwill	753	753
Other long-term assets	29	32
Total assets	\$ 146,781	\$ 159,369
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 5,728	\$ 4,718
Accrued expenses	7,495	7,811
Deferred revenue	305	305
Current portion of long-term debt	301	295
Total current liabilities	13,829	13,129
Other long-term liabilities	200	220
Deferred revenue	4,549	4,625
Long-term debt	105	183
Total liabilities	18,683	18,157
Commitments and contingencies	—	—
Stockholders' equity		
Preferred stock, \$0.00001 par value:		
Authorized: 5,000,000 shares authorized at March 31, 2016 and December 31, 2015; no shares issued and outstanding as of March 31, 2016 and December 31, 2015	—	—
Common stock, \$0.00001 par value:		
Authorized: 200,000,000 shares authorized at March 31, 2016 and December 31, 2015; 41,753,306 and 41,110,127 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	—	—
Additional paid-in capital	468,844	467,075
Accumulated deficit	(340,376)	(325,342)
Accumulated other comprehensive loss	(370)	(521)
Total stockholders' equity	128,098	141,212

Total liabilities and stockholders' equity \$ 146,781 \$ 159,369

The accompanying notes are an integral part of these consolidated financial statements.

1

CONFORMIS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(unaudited)

(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2016	2015
Revenue		
Product	\$19,982	\$14,700
Royalty	268	—
Total revenue	20,250	14,700
Cost of revenue	13,215	9,388
Gross profit	7,035	5,312
Operating expenses		
Sales and marketing	11,486	9,579
Research and development	4,398	4,016
General and administrative	6,295	5,780
Total operating expenses	22,179	19,375
Loss from operations	(15,144)	(14,063)
Other income and expenses		
Interest income	139	39
Interest expense	(25)	(223)
Total other income/(expenses)	114	(184)
Loss before income taxes	(15,030)	(14,247)
Income tax provision	4	10
Net loss	\$(15,034)	\$(14,257)
Net loss per share - basic and diluted	\$(0.37)	\$(3.32)
Weighted average common shares outstanding - basic and diluted	40,993,485	4,296,613

The accompanying notes are an integral part of these consolidated financial statements.

CONFORMIS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Loss
(unaudited)
(in thousands)

	Three Months Ended March 31, 2016	2015
Net loss	\$(15,034)	