

BIODELIVERY SCIENCES INTERNATIONAL INC
Form 10-Q
August 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 June 30, 2016

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 001-31361

BioDelivery Sciences International, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

4131 ParkLake Ave., Suite 225

Raleigh, NC
(Address of principal executive offices)

Registrant's telephone number (including area code): 919-582-9050

35-2089858
(I.R.S. Employer
Identification No.)

27612
(Zip 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 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, or a non-accelerated filer or a smaller reporting company. See definition 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 August 5, 2016, there were 53,655,470 shares of company Common Stock issued and 53,639,979 shares of company Common Stock outstanding.

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BioDelivery Sciences International, Inc. and Subsidiaries

Quarterly Report on Form 10-Q

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	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 57,464	\$ 83,560
Accounts receivable, net	2,408	2,488
Inventory	4,426	2,558
Prepaid expenses and other current assets	3,612	3,933
Total current assets	67,910	92,539
Property and equipment, net	4,299	4,262
Goodwill	2,715	2,715
Other intangible assets, net	2,771	3,256
Total assets	\$ 77,695	\$ 102,772
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,059	\$ 19,501
Notes payable, current maturities, net	7,533	6,707
Deferred revenue, current	1,965	1,875
Derivative liability	114	
Total current liabilities	28,671	28,083
Notes payable, less current maturities, net	21,540	22,168
Deferred revenue, long-term	20,000	20,000
Other long-term liabilities	825	825
Total liabilities	71,036	71,076
Commitments and contingencies (Notes 7 and 12)		
Stockholders equity:		
Preferred Stock, \$.001 par value; 5,000,000 shares authorized; 2,093,155 shares of Series A Non-Voting Convertible Preferred Stock outstanding at June 30, 2016 and December 31, 2015	2	2
	54	53

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Common Stock, \$.001 par value; 75,000,000 shares authorized; 53,610,470 and 52,730,799 shares issued; 53,594,979 and 52,715,308 shares outstanding at June 30, 2016 and December 31, 2015, respectively

Additional paid-in capital	285,072	274,891
Treasury stock, at cost, 15,491 shares	(47)	(47)
Accumulated deficit	(278,422)	(243,203)
Total stockholders' equity	6,659	31,696
Total liabilities and stockholders' equity	\$ 77,695	\$ 102,772

See notes to condensed consolidated financial statements.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues:				
Product sales	\$ 2,110	\$ 833	\$ 4,212	\$ 1,510
Product royalty revenues	394	469	1,328	663
Research and development reimbursements		80	4	855
Contract revenues	2,500	351	2,500	11,759
Total Revenues:	5,004	1,733	8,044	14,787
Cost of sales	4,094	2,621	6,644	3,745
Expenses:				
Research and development	4,008	4,506	9,385	11,054
Selling, general and administrative	12,496	13,287	25,551	26,468
Total Expenses:	16,504	17,793	34,936	37,522
Loss from operations	(15,594)	(18,681)	(33,536)	(26,480)
Interest expense, net	(914)	(527)	(1,691)	(947)
Derivative gain	22		22	
Other (expense) income, net		(3)	(14)	23
Net loss	\$ (16,486)	\$ (19,211)	\$ (35,219)	\$ (27,404)
Basic and diluted loss per share:	\$ (0.31)	\$ (0.37)	\$ (0.66)	\$ (0.53)
Weighted average common stock shares outstanding:	53,594,979	52,401,747	53,412,813	52,156,657

See notes to condensed consolidated financial statements.

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BIODELIVERY SCIENCES INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY
(U.S. DOLLARS, IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)
(Unaudited)

	Preferred Stock		Common Stock		Additional	Treasury Stock	Accumulated Deficit	Total Stockholders Equity
	Series A Shares	Amount	Shares	Amount	Paid-In Capital			
Balances, January 1, 2016	2,093,155	\$ 2	52,730,799	\$ 53	\$ 274,891	\$ (47)	\$ (243,203)	\$ 31,696
Stock-based compensation					7,457			7,457
Exercise of stock options			112,425		225			225
Vesting of restricted stock awards			104,025					
Common stock issuance upon retirement			663,221	1	2,459			2,460
Equity financing costs					40			40
Net loss							(35,219)	(35,219)
Balances, June 30, 2016	2,093,155	\$ 2	53,610,470	\$ 54	\$ 285,072	\$ (47)	\$ (278,422)	\$ 6,659

See notes to condensed consolidated financial statements.

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	Six months ended	
	June 30,	
	2016	2015
Operating activities:		
Net loss	\$ (35,219)	\$ (27,404)
Depreciation	212	167
Accretion of debt discount	198	278
Amortization of intangible assets	485	485
Derivative liability	114	
Stock-based compensation expense	7,457	7,658
Changes in assets and liabilities:		
Accounts receivable	80	1,614
Inventories	(1,868)	295
Prepaid expenses and other assets	321	133
Accounts payable and accrued expenses	(441)	(2,210)
Deferred revenue	90	(366)
Net cash flows from operating activities	(28,571)	(19,350)
Investing activities:		
Purchase of equipment	(249)	(583)
Net cash flows from investing activities	(249)	(583)
Financing activities:		
Proceeds from issuance of common stock	2,459	
Equity financing costs	40	(40)
Proceeds from exercise of stock options	225	303
Proceeds from exercise of common stock warrants		1
Payment on note payable		(3,335)
Proceeds from notes payable		20,667
Payment of deferred financing fees		(486)
Return of short swing profits		6
Net cash flows from financing activities	2,724	17,116
Net change in cash and cash equivalents	(26,096)	(2,817)

Cash and cash equivalents at beginning of year	83,560	70,472
Cash and cash equivalents at end of year	\$ 57,464	\$ 67,655
Cash paid for interest	\$ 1,358	\$ 491

See notes to condensed consolidated financial statements.

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BIODELIVERY SCIENCES INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(U.S. DOLLARS, IN THOUSANDS)

(Unaudited)

1. Organization, basis of presentation and summary of significant policies:

Overview

BioDelivery Sciences International, Inc., together with its subsidiaries (collectively, the Company or BDSI) is a specialty pharmaceutical company that is developing and commercializing, either on its own or in partnerships with third parties, new applications of approved therapeutics to address important unmet medica