

ConforMIS Inc  
Form 10-Q  
November 09, 2015  
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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, 2015

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

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**ConforMIS, Inc.**

(Exact name of registrant as specified in its charter)

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

**56-2463152**  
(I.R.S. Employer  
Identification Number)

**28 Crosby Drive**  
**Bedford, MA**  
(Address of principal executive offices)

**01730**  
(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

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

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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 October 30, 2015 there were 40,712,347 shares of Common Stock, \$0.00001 par value per share, outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****CONFORMIS, INC. AND SUBSIDIARIES****Consolidated Balance Sheets**

(in thousands, except share and per share data)

	September 30, 2015 (unaudited)	December 31, 2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 139,202	\$ 37,900
Accounts receivable, net	8,260	9,119
Inventories	10,664	7,691
Prepaid expenses and other current assets	2,124	1,158
<b>Total current assets</b>	<b>160,250</b>	<b>55,868</b>
Property and equipment, net	10,655	8,696
<b>Other Assets</b>		
Restricted cash	720	4,438
Intangible assets, net	1,057	1,243
Goodwill	753	753
Other long-term assets	283	280
<b>Total assets</b>	<b>\$ 173,718</b>	<b>\$ 71,278</b>
<b>Liabilities and stockholders equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 5,849	\$ 3,618
Accrued expenses	6,953	6,942
Deferred revenue	305	
Current portion of long-term debt	289	272
<b>Total current liabilities</b>	<b>13,396</b>	<b>10,832</b>
<b>Other long-term liabilities</b>	<b>240</b>	<b>271</b>
Deferred revenue	4,701	
Long-term debt	258	10,348
<b>Total liabilities</b>	<b>18,595</b>	<b>21,451</b>
<b>Commitments and contingencies</b>		
<b>Stockholders equity</b>		
<b>Convertible preferred stock, \$0.00001 par value:</b>		
Authorized: Zero and 53,496,241 shares authorized at September 30, 2015 and December 31, 2014, respectively, zero and 50,985,652 shares issued and outstanding September 30, 2015 and December 31, 2014, respectively; (aggregate liquidation value of \$0 and \$352,626 at September 30, 2015 and December 31, 2014, respectively)		

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Preferred stock, \$0.00001 par value:

Authorized: 5,000,000 and zero shares authorized at September 30, 2015 and December 31, 2014, respectively; no shares issued and outstanding as of September 30, 2015 and December 31, 2014

Common stock, \$0.00001 par value:

Authorized: 200,000,000 and 80,000,000 shares authorized at September 30, 2015 and December 31, 2014, respectively; 40,709,155 and 4,286,164 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively

Additional paid-in capital	465,818	318,420
Accumulated deficit	(310,352)	(268,096)
Accumulated other comprehensive loss	(343)	(497)
Total stockholders' equity	155,123	49,827
Total liabilities and stockholders' equity	\$ 173,718	\$ 71,278

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

Table of Contents**CONFORMIS, INC. AND SUBSIDIARIES****Consolidated Statements of Operations****(unaudited)****(in thousands, except share and per share data)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>				
Product	\$ 13,490	\$ 12,002	\$ 43,953	\$ 33,975
Royalty	404		3,863	
Total revenue	13,894	12,002	47,816	33,975
Cost of revenue	10,340	7,351	30,392	21,961
Gross profit	3,554	4,651	17,424	12,014
<b>Operating expenses</b>				
Sales and marketing	10,225	7,083	29,563	22,541
Research and development	3,885	3,969	12,218	11,163
General and administrative	5,656	3,927	16,790	11,775
Total operating expenses	19,766	14,979	58,571	45,479
Loss from operations	(16,212)	(10,328)	(41,147)	(33,465)
<b>Other income and expenses</b>				
Interest income	24	30	92	80
Interest expense	(911)	(89)	(1,380)	(178)
Other income (expense)			208	
Total other expenses	(887)	(59)	(1,080)	(98)
Loss before income taxes	(17,099)	(10,387)	(42,227)	(33,563)
Income tax provision	8	9	29	29
Net loss	\$ (17,107)	\$ (10,396)	\$ (42,256)	\$ (33,592)
Net loss per share - basic and diluted	\$ (0.45)	\$ (2.44)	\$ (2.69)	\$ (7.95)
Weighted average common shares outstanding - basic and diluted	37,933,069	4,267,148	15,688,686	4,224,454

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

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**CONFORMIS, INC. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Loss**

(unaudited)

(in thousands)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Net loss	\$ (17,107)	\$ (10,396)	\$ (42,256)	\$ (33,592)
Other comprehensive income (loss)				
Foreign currency translation adjustments	(60)	(377)	154	(543)
Comprehensive loss	\$ (17,167)	\$ (10,773)	\$ (42,102)	\$ (34,135)

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



Table of Contents**CONFORMIS, INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****(unaudited)****(in thousands)**

	<b>Nine Months Ended September 30,</b>	
	<b>2015</b>	<b>2014</b>
Cash flows from operating activities		
Net loss	\$ (42,256)	\$ (33,592)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization expense	1,891	1,545
Amortization of debt discount	135	18
Stock-based compensation expense	2,594	1,796
Provision for bad debts on trade receivables	171	(37)
Disposal of long term assets	2	
Changes in operating assets and liabilities:		
Accounts receivable	687	(1,573)
Inventories	(2,974)	(73)
Prepaid expenses and other assets	(969)	(394)
Accounts payable and accrued liabilities	2,242	281
Deferred royalty revenue	5,009	
Other long-term liabilities	(31)	(197)
Net cash used in operating activities	(33,499)	(32,226)
Cash flows from investing activities:		
Acquisition of property and equipment	(3,666)	(849)
Decrease (increase) in restricted cash	3,717	768
Net cash (used) provided by investing activities	51	(81)
Cash flows from financing activities:		
Net proceeds from issuance of preferred stock		21,575
Proceeds from exercise of common stock warrant	18	
Proceeds from exercise of preferred stock warrant	4,458	
Payments on notes payable	(10,207)	(2,114)
Net proceeds from issuance of common stock	140,327	162
Repurchase of stock options		(52)
Net cash provided by financing activities	134,596	19,571
Foreign exchange effect on cash and cash equivalents	154	(543)
(Decrease) increase in cash and cash equivalents	101,302	(13,279)
Cash and cash equivalents, beginning of period	37,900	54,221
Cash and cash equivalents, end of period	\$ 139,202	\$ 40,942

Supplemental information: