

CERUS CORP
Form 10-Q
November 03, 2017

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, 2017

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 000-21937

CERUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	68-0262011
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)
2550 Stanwell Dr.	
Concord, California	94520
(Address of principal executive offices)	(Zip Code)

(925) 288-6000

(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 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, a 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 smaller 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

As of October 26, 2017, there were 114,086,442 shares of the registrant's common stock outstanding.

CERUS CORPORATION

QUARTERLY REPORT ON FORM 10-Q

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CERUS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	September 30, 2017	December 31, 2016
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,985	\$ 22,560
Short-term investments	42,645	45,116
Investment in marketable equity securities	—	3,952
Accounts receivable	10,476	6,868
Inventories	14,250	12,531
Other current assets	4,078	3,078
Total current assets	88,434	94,105
Non-current assets:		
Property and equipment, net	2,342	2,985
Goodwill	1,316	1,316
Intangible assets, net	587	738
Restricted cash	256	184
Other assets	4,151	4,148
Total assets	\$ 97,086	\$ 103,476
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 12,501	\$ 8,587
Accrued liabilities	10,681	11,218
Debt - current	—	6,934
Deferred product revenue - current	686	149
Total current liabilities	23,868	26,888
Non-current liabilities:		
Debt - non-current	29,780	12,441
Manufacturing and development obligations - non-current	5,623	4,770
Other non-current liabilities	632	1,590
Total liabilities	59,903	45,689
Commitments and contingencies		
Stockholders' equity:		
Common stock	112	103
Additional paid-in capital	746,916	718,299
Accumulated other comprehensive (loss) income	(28)	103
Accumulated deficit	(709,817)	(660,718)
Total stockholders' equity	37,183	57,787
Total liabilities and stockholders' equity	\$ 97,086	\$ 103,476

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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CERUS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

UNAUDITED

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	2016	September 30, 2017	2016
Product revenue	\$10,797	\$10,175	\$27,328	\$27,058
Cost of product revenue	5,348	5,451	13,402	14,690
Gross profit on product revenue	5,449	4,724	13,926	12,368
Government contracts revenue	2,285	261	5,380	261
Operating expenses:				
Research and development	7,886	7,033	25,927	22,507
Selling, general and administrative	12,180	12,161	39,907	36,314
Amortization of intangible assets	50	50	151	151
Total operating expenses	20,116	19,244	65,985	58,972
Loss from operations	(12,382)	(14,259)	(46,679)	(46,343)
Non-operating (expense) income, net:				
Foreign exchange loss	—	(61)	(59)	(77)
Interest expense	(1,090)	(586)	(2,122)	(1,899)
Other income, net	104	114	3,722	293
Total non-operating (expense) income, net	(986)	(533)	1,541	(1,683)
Loss before income taxes	(13,368)	(14,792)	(45,138)	(48,026)
Provision (benefit) for income taxes	50	(416)	3,961	1,379
Net loss	\$(13,418)	\$(14,376)	\$(49,099)	\$(49,405)
Net loss per share:				
Basic	\$(0.12)	\$(0.14)	\$(0.46)	\$(0.49)
Diluted	\$(0.12)	\$(0.14)	\$(0.46)	\$(0.49)
Weighted average shares outstanding used for calculating net loss per share:				
Basic	109,846	102,769	106,159	101,273
Diluted	109,846	102,769	106,159	101,273

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

CERUS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

UNAUDITED

(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net loss	\$(13,418)	\$(14,376)	\$(49,099)	\$(49,405)
Other comprehensive (losses) gains:				