

Seres Therapeutics, Inc.  
Form 10-Q  
November 12, 2015

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, 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: 001-37465

Seres Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

27-4326290  
(I.R.S. Employer  
Identification Number)

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215 First Street

Cambridge, MA

02142

(Address of principal executive offices) (Zip Code)

(617) 945-9626

(Registrant's telephone number, including area code)

N/A

(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 ☐

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 November 6, 2015 there were 39,055,767 shares of Common Stock, \$0.001 par value per share, outstanding.

Seres Therapeutics, Inc.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing and likelihood of success, plans and objectives of management for future operations and future results of anticipated products, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or other similar expressions. The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including the factors described under the sections in this Quarterly Report titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as the following:

- our status as a development-stage company and our expectation to incur losses in the future;
- our future capital needs and our need to raise additional funds;
- our ability to build a pipeline of product candidates and develop and commercialize drugs;
- our unproven approach to therapeutic intervention;
- our ability to enroll patients in clinical trials, timely and successfully complete those trials and receive necessary regulatory approvals;
- our ability to establish our own manufacturing facilities and to receive or manufacture sufficient quantities of our product candidates;
- our ability to protect and enforce our intellectual property rights;
- federal, state, and foreign regulatory requirements, including FDA regulation of our product candidates;
- our ability to obtain and retain key executives and attract and retain qualified personnel; and
- our ability to successfully manage our growth.

Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

## Part I – Financial Information

## SERES THERAPEUTICS, INC.

## CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except share and per share data)

	September 30, 2015	December 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 69,702	\$ 114,185
Investments	149,641	—
Prepaid expenses and other current assets	3,020	58
Total current assets	222,363	114,243
Property and equipment, net	4,543	1,264
Restricted cash	139	139
Deferred offering costs	—	1,684
Deferred financing costs	—	15
Total assets	\$ 227,045	\$ 117,345
<b>Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	2,089	2,166
Accrued expenses and other current liabilities	2,757	1,737
Notes payable, current portion	—	1,200
Total current liabilities	4,846	5,103
Notes payable, net of discount	—	1,304
Preferred stock warrant liability	—	1,582
Total liabilities	4,846	7,989
<b>Commitments and contingencies</b>		
Convertible preferred stock (Series A, A-2, B, C, D and D-1), \$0.001 par		
value; 10,000,000 and 24,348,003 shares authorized at September 30, 2015 and		
December 31, 2014, respectively; 0 and 22,866,987 shares issued and		
outstanding at September 30, 2015 and December 31, 2014, respectively;		
aggregate liquidation preference of \$0 and \$137,283 at September 30, 2015		
and December 31, 2014, respectively	—	136,077
<b>Stockholders' equity (deficit):</b>		
Common stock, \$0.001 par value; 200,000,000 and 38,000,000 shares	39	7

authorized at September 30, 2015 and December 31, 2014,

respectively; 39,055,767 and 6,890,250 shares issued and outstanding

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at September 30, 2015 and December 31, 2014 , respectively

Additional paid-in capital	285,148	1,104
Accumulated other comprehensive loss	(10 )	—
Accumulated deficit	(62,978 )	(27,832 )
Total stockholders' equity (deficit)	222,199	(26,721 )
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	\$ 227,045	\$ 117,345

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

## SERES THERAPEUTICS, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited, in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue	—	—	—	—
Operating expenses:				
Research and development expenses	\$9,850	\$2,466	\$24,195	\$5,658
General and administrative expenses	4,711	1,113	10,873	2,211
Total operating expenses	14,561	3,579	35,068	7,869
Loss from operations	(14,561)	(3,579)	(35,068)	(7,869)
Other income (expense):				
Interest income (expense), net	(59 )	(61 )	(71 )	(154 )
Revaluation of preferred stock warrant liability	—	(521 )	(7 )	(504 )
Total other income (expense), net	(59 )	(582 )	(78 )	(658 )
Net loss	\$(14,620)	\$(4,161)	\$(35,146)	\$(8,527)
Accretion of convertible preferred stock to redemption value	—	(461 )	—	—