

XOMA Corp
Form 10-Q
May 04, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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 No. 0-14710

XOMA Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

52-2154066
(I.R.S. Employer
Identification No.)

2910 Seventh Street, Berkeley,

California 94710
(Address of principal executive offices, including zip code) (Telephone Number)

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.

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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 of 1934). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 2, 2016
Common Stock, \$0.0075 par value	120,367,541

XOMA CORPORATION

FORM 10-Q

TABLE OF CONTENTS

	Page
PART I <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Condensed Consolidated Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015</u>	1
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three Months Ended March 31, 2016 and 2015</u>	2
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2016 and 2015</u>	3
<u>Notes to Condensed Consolidated Financial Statements</u>	4
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	25
Item 4. <u>Controls and Procedures</u>	26
PART II <u>OTHER INFORMATION</u>	26
Item 1. <u>Legal Proceedings</u>	26
Item 1A. <u>Risk Factors</u>	27
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
Item 3. <u>Defaults Upon Senior Securities</u>	44
Item 4. <u>Mine Safety Disclosure</u>	44
Item 5. <u>Other Information</u>	44
Item 6. <u>Exhibits</u>	44
<u>Signatures</u>	45

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

XOMA CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	March 31, 2016 (unaudited)	December 31, 2015 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$46,153	\$65,767
Marketable securities	454	496
Trade and other receivables, net	1,977	4,069
Prepaid expenses and other current assets	1,568	1,887
Total current assets	50,152	72,219
Property and equipment, net	1,793	1,997
Other assets	664	664
Total assets	\$52,609	\$74,880
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$4,593	\$6,831
Accrued and other liabilities	4,387	7,025
Deferred revenue	899	3,198
Interest bearing obligations – current	10,244	5,910
Accrued interest on interest bearing obligations – current	327	331
Total current liabilities	20,450	23,295
Interest bearing obligations – non-current	36,007	42,757
Contingent warrant liabilities	3,532	10,464
Other liabilities – non-current	148	673
Total liabilities	60,137	77,189
Commitments and Contingencies (Note 10)		
Stockholders' deficit:		
Preferred stock, \$0.05 par value, 1,000,000 shares authorized, 0 issued and outstanding	—	—
Common stock, \$0.0075 par value, 277,333,332 shares authorized, 120,367,541	903	893

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and 119,045,592 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively

Additional paid-in capital	1,140,059	1,136,881
Accumulated comprehensive loss	(42)	—
Accumulated deficit	(1,148,448)	(1,140,083)
Total stockholders' deficit	(7,528)	(2,309)
Total liabilities and stockholders' deficit	\$52,609	\$74,880

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

(Note 1) The condensed consolidated balance sheet as of December 31, 2015 has been derived from the audited consolidated financial statements as of that date included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

XOMA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(unaudited)

(in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2016	2015
Revenues:		
License and collaborative fees	\$2,491	\$263
Contract and other	1,471	2,388
Total revenues	3,962	2,651
Operating expenses:		
Research and development	13,610	20,004
Selling, general and administrative	4,305	5,220
Restructuring	36	—
Total operating expenses	17,951	25,224
Loss from operations	(13,989)	(22,573)
Other income (expense):		
Interest expense	(1,002)	(1,115)
Other income (expense), net	(306)	2,010
Revaluation of contingent warrant liabilities	6,932	(40)
Net loss	\$(8,365)	\$(21,718)
Basic and diluted net loss per share of common stock	\$(0.07)	\$(0.19)
Shares used in computing basic and diluted net loss per share of common stock	119,568	116,193
Other comprehensive loss:		
Net loss	\$(8,365)	\$(21,718)
Net unrealized loss on marketable securities	(42)	—
Comprehensive loss	\$(8,407)	\$(21,718)

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

XOMA CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Three Months Ended March 31,	
	2016	2015
Cash flows used in operating activities:		
Net loss	\$(8,365)	\$(21,718)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	215	458
Common stock contribution to 401(k)	785	986
Stock-based compensation expense	2,306	3,665
Revaluation of contingent warrant liabilities	(6,932)	40
Amortization of debt discount, final payment fee on debt, and debt issuance costs	354	296
Loss on loan extinguishment	—	429
Unrealized loss (gain) on foreign currency exchange	559	(1,949)
Other	(2)	5
Changes in assets and liabilities:		
Trade and other receivables, net	2,092	38
Prepaid expenses and other current assets	415	(2)
Accounts payable and accrued liabilities	(4,901)	(6,455)
Accrued interest on interest bearing obligations	(6)	90
Deferred revenue	(2,306)	(163)
Other liabilities	(500)	—
Net cash used in operating activities	(16,286)	(24,280)
Cash flows from investing activities:		
Net purchase of property and equipment	(31)	(225)
Net cash used in investing activities	(31)	(225)
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	—	134
Proceeds from issuance of long term debt	—	20,000
Debt issuance costs and loan fees	—	(477)
Principal payments debt	(3,271)	(6,083)
Principal payments capital lease	(28)	—
Net cash (used in) provided by financing activities	(3,299)	13,574