

ALIMERA SCIENCES INC  
Form 10-Q  
May 11, 2017  
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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 March 31, 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: 001-34703

Alimera Sciences, Inc.  
(Exact name of registrant as specified in its charter)

Delaware 20-0028718  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
6120 Windward Parkway, Suite 290 30005  
Alpharetta, GA  
(Address of principal executive offices) (Zip Code)  
(678) 990-5740  
(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, 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. (Check one):

Large accelerated filer  Accelerated filer  Non-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)(2)(B) of the Exchange Act.

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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 May 10, 2017 there were 64,901,636 shares of the registrant's Common Stock issued and outstanding.

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See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND PROJECTIONS**

Various statements in this report are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this report regarding Alimera Sciences, Inc.’s (we, our, Alimera or the Company) strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. These statements are subject to risks and uncertainties and are based on information currently available to our management. Words such as, but not limited to, “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “contemplates,” “predict,” “project,” “target,” “likely,” “potential,” “will,” “would,” “should,” “could,” or the negative of these terms and similar expressions or words, identify forward-looking statements. The events and circumstances reflected in our forward-looking statements may not occur and actual results could differ materially from those projected in our forward-looking statements. Meaningful factors which could cause actual results to differ include, but are not limited to:

- uncertainty as to our ability to achieve profitability and positive cash flow through the commercialization of ILUVIEN® in the European Economic Area (EEA), the United States (U.S.) and other regions of the world where we sell ILUVIEN;
- our ability to operate our business in compliance with the covenants and restrictions that we are subject to under our credit facility;
- dependence on third-party manufacturers to manufacture ILUVIEN or any future products or product candidates in sufficient quantities and quality.
- our ability to raise sufficient additional funding and our need to raise such funds;
- uncertainty as to the pricing and reimbursement guidelines for ILUVIEN or any future products or product candidates, including ILUVIEN;
- our ability to successfully commercialize ILUVIEN following regulatory approval in additional markets;
- delay in or failure to obtain regulatory approval of ILUVIEN in additional countries or any future products or product candidates;
- our expectation that we will be cash flow positive in late 2017, if at all; and
- the extent of government regulations.

All written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We caution investors not to rely too heavily on the forward-looking statements we make or that are made on our behalf. We undertake no obligation and specifically decline any obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in any annual, quarterly or current reports that we may file with the Securities and Exchange Commission.

We encourage you to read the discussion and analysis of our financial condition and our unaudited interim financial statements contained in this report. We also encourage you to read Item 1A of Part II of this Quarterly Report on Form 10-Q entitled “Risk Factors” and Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which contains a more complete discussion of the risks and uncertainties associated with our business. In addition to the risks described above, other unknown or unpredictable factors also could affect our results. There can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Therefore, no assurance can be given that the outcomes stated in such forward-looking statements and estimates will be achieved.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. Interim Condensed Consolidated Financial Statements (unaudited)

## ALIMERA SCIENCES, INC.

## CONSOLIDATED BALANCE SHEETS

	March 31, 2017	December 31, 2016
	(In thousands, except share and per share data)	
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 26,737	\$ 30,979
Restricted cash	31	31
Accounts receivable, net	10,768	13,839
Prepaid expenses and other current assets	2,112	2,107
Inventory, net (Note 5)	802	446
Total current assets	40,450	47,402
<b>NON-CURRENT ASSETS:</b>		
Property and equipment, net	1,572	1,787
Intangible asset, net (Note 6)	20,125	20,604
Deferred tax asset	443	436
<b>TOTAL ASSETS</b>	<b>\$ 62,590</b>	<b>\$ 70,229</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 3,963	\$ 4,986
Accrued expenses (Note 7)	2,636	3,758
Derivative warrant liability	21	188
Capital lease obligations	157	191
Total current liabilities	6,777	9,123
<b>NON-CURRENT LIABILITIES:</b>		
Note payable (Note 9)	33,409	33,084
Capital lease obligations — less current portion	184	274
Other non-current liabilities	2,154	2,162
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred stock, \$.01 par value — 10,000,000 shares authorized at March 31, 2017 and December 31, 2016:		
Series A Convertible Preferred Stock, 1,300,000 authorized and 600,000 issued and outstanding at March 31, 2017 and December 31, 2016; liquidation preference of \$24,000 at March 31, 2017 and December 31, 2016	19,227	19,227
Series B Convertible Preferred Stock, 8,417 authorized and 8,416.251 issued and outstanding at March 31, 2017 and December 31, 2016; liquidation preference of \$50,750 at March 31, 2016 and December 31, 2015	49,568	49,568
Common stock, \$.01 par value — 150,000,000 shares authorized, 64,862,904 shares issued and outstanding at March 31, 2017 and December 31, 2016	649	649
Additional paid-in capital	331,947	330,781
Common stock warrants	3,707	3,707
Accumulated deficit	(383,809)	(377,074)
Accumulated other comprehensive loss	(1,223)	(1,272)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>20,066</b>	<b>25,586</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 62,590</b>	<b>\$ 70,229</b>
See Notes to Consolidated Financial Statements.		



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ALIMERA SCIENCES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

	Three Months Ended March 31, 2017      2016	
	(In thousands, except share and per share data)	
NET REVENUE	\$6,618	\$5,801
COST OF GOODS SOLD, EXCLUDING DEPRECIATION AND AMORTIZATION	(587 )	(378 )
GROSS PROFIT	6,031	5,423
RESEARCH, DEVELOPMENT AND MEDICAL AFFAIRS EXPENSES	2,110	3,020
GENERAL AND ADMINISTRATIVE EXPENSES	3,264	3,395
SALES AND MARKETING EXPENSES	5,502	7,109
DEPRECIATION AND AMORTIZATION	666	689
OPERATING EXPENSES	11,542	14,213
NET LOSS FROM OPERATIONS	(5,511 )	(8,790 )
INTEREST EXPENSE, NET AND OTHER	(1,337 )	(1,335 )
UNREALIZED FOREIGN CURRENCY (LOSS) GAIN, NET	(28 )	34
CHANGE IN FAIR VALUE OF DERIVATIVE WARRANT LIABILITY	167	1,519
LOSS ON EARLY EXTINGUISHMENT OF DEBT	—	(2,564 )
NET LOSS BEFORE TAXES	(6,709 )	(11,136 )
PROVISION FOR TAXES	(26 )	(9 )
NET LOSS	\$(6,735)	\$(11,145)
NET LOSS PER SHARE — Basic and diluted	\$(0.10 )	