

PACIFIC BIOSCIENCES OF CALIFORNIA, INC.

Form 10-Q

May 05, 2016

Table of Contents

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, 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 Number 001-34899

Pacific Biosciences of California, Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of

16-1590339  
(I.R.S. Employer

Edgar Filing: PACIFIC BIOSCIENCES OF CALIFORNIA, INC. - Form 10-Q

incorporation or organization) Identification No.)

1380 Willow Road

Menlo Park, CA 94025 94025  
(Address of principal executive offices) (Zip Code)

(650) 521-8000

(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 (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

Number of shares outstanding of the issuer's common stock as of April 30, 2016: 87,168,677

---

Table of Contents

TABLE OF CONTENTS

	PAGE No.
PART I. FINANCIAL INFORMATION	
<u>Item 1. Financial Statements (unaudited):</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015</u>	3
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three- Month Periods Ended March 31, 2016 and 2015</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the Three-Month Periods Ended March 31, 2016 and 2015</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	15
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	21
<u>Item 4. Controls and Procedures</u>	21
PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	22
<u>Item 1A. Risk Factors</u>	22
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	37
<u>Item 3. Default Upon Senior Securities</u>	37
<u>Item 4. Mine Safety Disclosures</u>	37
<u>Item 5. Other Information</u>	37
<u>Item 6. Exhibits</u>	37
<u>EXHIBIT INDEX</u>	39



Table of Contents

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## PACIFIC BIOSCIENCES OF CALIFORNIA, INC.

## Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands except par value amounts)	March 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 20,080	\$ 33,629
Investments	71,451	48,641
Accounts receivable	8,009	5,245
Inventory	12,162	10,955
Prepaid expenses and other current assets	7,351	12,071
Total current assets	119,053	110,541
Property and equipment, net	9,093	8,548
Long-term restricted cash	4,500	4,500
Other long-term assets	7,529	7,518
Total assets	\$ 140,175	\$ 131,107
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 4,734	\$ 4,749
Accrued expenses	12,201	15,551
Deferred service revenue, current	6,371	6,815
Deferred contractual revenue, current	7,260	10,822
Other liabilities, current	1,444	241
Total current liabilities	32,010	38,178
Deferred service revenue, non-current	882	1,143
Deferred contractual revenue, non-current	1,278	1,312
Other liabilities, non-current	1,462	1,386
Notes payable	15,216	14,948
Financing derivative	551	600
Total liabilities	51,399	