

BioAmber Inc.
Form 10-Q
August 14, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2013

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: 001-35905

BIOAMBER INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

98-0601045
(I.R.S. Employer
Identification No.)

Jean-François Huc

President and Chief Executive Officer

BioAmber Inc.

1250 Rene Levesque West, Suite 4110

Montreal, Quebec, Canada H3B 4W8

Telephone: (514) 844-8000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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 August 14, 2013, there were 18,412,815 shares of the registrant's Common Stock, \$0.01 par value per share, outstanding.

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BIOAMBER INC.

Form 10-Q

For the Quarter Ended June 30, 2013

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****BIOAMBER INC.****(a development stage company)****Consolidated Statements of Operations****For the three and six months ended June 30, 2013 and 2012****and the period from October 15, 2008 (inception) to June 30, 2013****(Unaudited)**

	Three Months ended June 30,		Six Months ended June 30,		Period from October 15, 2008 (inception) to June 30, 2013
	2013	2012	2013	2012	
	\$	\$	\$	\$	\$
Revenues					
Licensing revenue from related parties (Note 14)					1,300,580
Product sales	1,028,389	605,826	1,359,111	986,063	4,210,730
Total revenues	1,028,389	605,826	1,359,111	986,063	5,511,310
Cost of goods sold (Note 14)	1,411,225	(262,385)	1,609,741	691,757	4,192,625
Gross profit (loss)	(382,836)	868,211	(250,630)	294,306	1,318,685
Operating expenses					
General and administrative	2,292,082	2,558,977	4,630,395	5,017,180	26,856,763
Research and development, net	4,220,580	5,195,669	10,319,720	10,813,024	54,156,816
Sales and marketing	1,652,302	1,064,537	2,747,732	1,900,932	9,573,740
Depreciation of property and equipment and amortization of intangible assets (Note 1)	538,987	535,084	1,072,165	1,050,766	4,719,698
Impairment loss and write-off of property and equipment and of intangible assets (Note 1)	8,619,405		8,619,405		9,960,743
Foreign exchange (gain) loss	(28,450)	(182,762)	(116,687)	(102,178)	136,638
Operating expenses	17,294,906	9,171,505	27,272,730	18,679,724	105,404,398
Operating loss	17,677,742	8,303,294	27,523,360	18,385,418	104,085,713
Amortization of deferred financing costs and debt discounts	117,120		186,433	22,625	471,942
Financial charges (income), net (Note 11)	(11,748,000)	9,881	(11,748,000)		(6,105,065)
Gain on debt extinguishment (Note 8)			(314,305)		(314,305)
Interest revenue from related parties (Note 14)					(161,771)
Income taxes (Note 12)	46,570		46,570		(690,365)

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Equity participation in losses of equity method investments (Note 3)	51	96,032	15,390	132,304	7,062,971
Gain on re-measurement of BioAmber S.A.S.					(6,215,594)
Net loss	6,093,483	8,409,207	15,709,448	18,540,347	98,133,526
Net loss attributable to:					
BioAmber Inc. shareholders	5,925,677	8,385,722	15,425,933	18,479,010	97,252,125
Non-controlling interest	167,806	23,485	283,515	61,337	881,401
	6,093,483	8,409,207	15,709,448	18,540,347	98,133,526
Net loss per share attributable to BioAmber Inc. shareholders - basic					
	\$ 0.39	\$ 0.81	\$ 1.22	\$ 1.80	
Weighted-average of common shares outstanding - basic					
	15,035,037	10,332,315	12,658,482	10,251,405	

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

Table of Contents**BIOAMBER INC.****(a development stage company)****Consolidated Statements of Comprehensive Loss****For the three and six months ended June 30, 2013 and 2012****and the period from October 15, 2008 (inception) to June 30, 2013****(Unaudited)**

	Three Months ended June 30,		Six Months ended June 30,		Period from October 15, 2008 (inception) to June 30, 2013
	2013	2012	2013	2012	
	\$	\$	\$	\$	\$
Net loss	6,093,483	8,409,207	15,709,448	18,540,347	98,133,526
Foreign currency translation adjustment	2,715	938,213	619,202	186,397	612,570
Total comprehensive loss	6,096,198	9,347,420	16,328,650	18,726,744	98,746,096
Total comprehensive loss attributable to:					
BioAmber Inc. shareholders	5,843,995	9,360,945	16,005,377	18,702,417	97,926,539
Non-controlling interest	252,203	(13,525)	323,273	24,327	819,557
	6,096,198	9,347,420	16,328,650	18,726,744	98,746,096

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

Table of Contents**BIOAMBER INC.****(a development stage company)****Consolidated Balance Sheets****June 30, 2013 and December 31, 2012****(Unaudited)**

	As of June 30, 2013 \$	As of December 31, 2012 \$
Assets		
Current assets		
Cash (Note 8, iii)	102,981,209	25,072,337
Accounts receivable	627,295	596,171
Inventories (Note 4)	2,312,189	1,894,319
Prepaid expenses and deposits (Note 4)	5,780,539	2,364,934
Valued added tax, income taxes and other receivables	2,075,189	1,969,681
Deferred financing costs	700,000	16,741
Total current assets	114,476,421	31,914,183
Property and equipment, net (Note 5)	4,146,932	3,650,984
Investment in equity method investments (Note 3)	710,139	725,529
Intangible assets, net (Note 6)	4,158,550	13,050,153
Goodwill	654,123	662,972
Total assets	124,146,165	50,003,821
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	5,743,794	4,677,920
Income taxes payable (Note 12)	1,018,814	982,658
Accounts payable Agro-industries Recherches et Développements (ARD) (Note 14)	76,404	197,019
Deferred grants (Note 9)	3,510,852	3,711,356
Short-term portion of long-term debt (Note 8)		183,177
Total current liabilities	10,349,864	9,752,130
Long-term debt (Note 8)	27,946,276	2,416,616
Warrants financial liability (Note 11)	4,400,000	
Other long-term liabilities	60,000	37,500
Total liabilities	42,756,140	12,206,246
Commitments and contingencies (Note 10)		
Shareholders' equity		
Share capital		
Common stock:		
\$0.01 par value per share; 55,000,000 authorized, 18,412,815 and 10,349,815 issued and outstanding at June 30, 2013 and December 31, 2012, respectively	184,128	103,498
Additional paid-in capital	173,621,316	113,780,846
Warrants	3,074,957	3,074,957

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Deficit accumulated during the development stage	(97,252,125)	(81,826,192)
Accumulated other comprehensive income (loss)	(674,413)	(94,969)
Total BioAmber Inc. shareholders' equity	78,953,863	35,038,140
Non-controlling interest	2,436,162	2,759,435
Total shareholders' equity	81,390,025	37,797,575
Total liabilities and equity	124,146,165	50,003,821

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

Table of Contents**BIOAMBER INC.**

(a development stage company)

Consolidated Statements of Shareholders' Equity

for the period from June 30, 2009 to June 30, 2013

(in U.S. dollars, except for shares data)

(Unaudited)

	Common stock		Series A Participating Convertible Preferred shares		Additional paid-in capital	Warrants		Deficit accumulated during the development stage	Accumulated other comprehensive loss	Non- controlling interest	Total Shareholders equity
	Shares	Par value \$	Shares	Par value \$		Shares	Value \$				
Balance, June 30, 2009	408,100	4,081	1,177,925	11,779	3,691,382	1,522,465	2,118,563	(1,850,906)	(4,120)		3,970,779
Issuance of shares of common stock pursuant to the conversion of warrants (Note 11)	696,500	6,965			3,992,935						3,999,900
Issuance of shares of common stock pursuant to private placement, net of issuance costs of \$589,854 (Note 11)	1,393,070	13,931			7,396,417						7,410,348
Issuance of warrants pursuant to private placement (Note 11)					(244,373)	66,185	244,373				
Conversion of preferred shares to shares of common stock pursuant to private placement (Note 11)	1,177,925	11,779	(1,177,925)	(11,779)							
Warrants exercised	82,355	824			156,445	(82,355)	(54,302)				102,967

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Warrants expired			11,769	(29,050)	(11,769)				
Stock options exercised (Note 11)	7,000	70	7,434						7,504
Acquisition of Sinoven Biopolymers Inc								339,142	339,142
Stock-based compensation (Note 11)			470,325						470,325
Net loss					(7,992,216)		(77,306)		(8,069,522)
Foreign currency translation						(646,824)			(646,824)
Balance, June 30, 2010	3,764,950	37,650	15,482,334	1,477,245	2,296,865	(9,843,122)	(650,944)	261,836	7,584,619

The accompanying notes are integral part of the consolidated financial statements.

Table of Contents**BIOAMBER INC.**

(a development stage company)

Consolidated Statements of Shareholders' Equity

for the period from June 30, 2009 to June 30, 2013

(in U.S. dollars, except for shares data)

(Unaudited)

	Common stock		Additional paid-in capital	Warrants		Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Non- controlling interest	Total Shareholders equity
	Shares	Par value \$		Shares	Value \$				
Balance, June 30, 2010	3,764,950	37,650	15,482,334	1,477,245	2,296,865	(9,843,122)	(650,944)	261,836	7,584,619
Expired warrants			7,879	(7,350)	(7,879)				
Issuance of common stock pursuant to the acquisition of Bioamber S.A.S.	1,107,540	11,075	7,333,149						7,344,224
Stock-based compensation			635,284						635,284
Net loss						(2,010,861)		(101,923)	(2,112,784)
Foreign currency translation							403,302		403,302
Balance, December 31, 2010	4,872,490	48,725	23,458,646	1,469,895	2,288,986	(11,853,983)	(247,642)	159,913	13,854,645
Balance, December 31, 2010	4,872,490	48,725	23,458,646	1,469,895	2,288,986	(11,853,983)	(247,642)	159,913	13,854,645
Issuance of common stock pursuant to private placement, net of issuance costs of \$231,374	3,887,485	38,875	40,730,500						40,769,375
Issuance of common stock pursuant to private placement, net of issuance costs of \$31,230 (Note 11)	702,135	7,021	19,962,566						19,969,587

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Issuance of common stock pursuant to conversion of unsecured convertible notes, net of costs of \$8,626 (Note 11)	379,155	3,792	3,986,475						3,990,267
Issuance of warrants pursuant to a private placement				94,745	810,448				810,448
Release of common stock to Sinoven owners	70,000	700	1,228,400						1,229,100
Warrants exercised	45,500	455	97,164	(45,500)	(9,902)				87,717
Warrants expired			14,254	(59,850)	(14,254)				
Stock options exercised	7,000	70	7,434						7,504
Stock-based compensation			3,905,478						3,905,478
Net loss						(30,621,159)	(231,244)		(30,852,403)
Acquisition of non-controlling interest			2,984,550				3,950		2,988,500
Contribution by non-controlling interest							2,912,628		2,912,628
Foreign currency translation						(257,615)			(257,615)
Balance, December 31, 2011	9,963,765	99,638	96,375,467	1,459,290	3,075,278	(42,475,142)	(505,257)	2,845,247	59,415,231

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

Table of Contents**BIOAMBER INC.**

(a development stage company)

Consolidated Statements of Shareholders' Equity

for the period from June 30, 2009 to June 30, 2013

(in U.S. dollars, except for shares data)

(Unaudited)

	Common stock		Additional paid-in capital	Warrants		Deficit accumulated during the development stage	Accumulated other comprehensive income (loss)	Non- controlling interest	Total Shareholders equity
	Shares	Par value \$		Shares	Value \$				
Balance, December 31, 2011	9,963,765	99,638	96,375,467	1,459,290	3,075,278	(42,475,142)	(505,257)	2,845,247	59,415,231
Issuance of common stock pursuant to private placement, net of issuance costs of \$22,254 (Note 11)	351,050	3,510	9,974,146						9,977,656
Release of shares held in trust	35,000	350	(350)						
Warrants expired (Note 11)			321	(1,435)	(321)				
Stock-based compensation (Note 11)			7,431,262						7,431,262
Net loss						(39,351,050)		(187,413)	(39,538,463)
Foreign currency translation							410,288	101,601	511,889
Balance, December 31, 2012	10,349,815	103,498	113,780,846	1,457,855	3,074,957	(81,826,192)	(94,969)	2,759,435	37,797,575
Balance, December 31, 2012	10,349,815	103,498	113,780,846	1,457,855	3,074,957	(81,826,192)	(94,969)	2,759,435	37,797,575
Release of shares held in	63,000	630	(630)						

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trust (Note 2)									
Cancellation of shares (Note 2)			(140,000)						(140,000)
Stock-based compensation (Note 11)			4,476,591						4,476,591
Issuance of units, net of issuance costs (Note 11)	8,000,000	80,000	55,504,509						55,584,509
Net loss						(15,425,933)	(283,515)		(15,709,448)
Foreign currency translation						(579,444)	(39,758)		(619,202)
Balance, June 30, 2013	18,412,815	184,128	173,621,316	1,457,855	3,074,957	(97,252,125)	(674,413)	2,436,162	81,390,025

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

Table of Contents**BIOAMBER INC.****(a development stage company)****Consolidated Statements of Cash Flows****For the six months ended June 30, 2013 and 2012****and the period from October 15, 2008 (inception) to June 30, 2013****(Unaudited)**

	Three Months ended June 30,		Six Months ended June 30,		Period from October 15, 2008 (inception) to June 30, 2013
	2013	2012	2013	2012	
	\$	\$	\$	\$	\$
Cash flows from operating activities					
Net loss	(6,093,483)	(8,409,207)	(15,709,448)	(18,540,347)	(98,133,526)
Adjustments to reconcile net loss to cash:					
Stock-based compensation	2,059,225	1,935,245	4,476,591		