

ORGANOVO HOLDINGS, INC.

Form 10-Q

November 14, 2012

[Table of Contents](#)

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 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 September 30, 2012

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 000-54621

**Organovo Holdings, Inc.**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of  incorporation or organization)	<b>27-1488943</b> (I.R.S. Employer  Identification No.)
<b>6275 Nancy Ridge Drive, Suite 110,</b>  <b>San Diego, CA 92116</b> (Address of principal executive  offices and zip code)	<b>(858) 550-9994</b> (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 <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input checked="" type="checkbox"/>

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 September 30, 2012, a total of 46,969,141 shares of the Registrant's Common Stock, \$0.001 par value, were outstanding.

**Table of Contents**

**Table of Contents**

**Organovo Holdings, Inc.**

**INDEX**

**PART I. FINANCIAL INFORMATION**

Item 1.	Financial Statements	3
	<u>Condensed Consolidated Balance Sheets as of September 30, 2012 (Unaudited) and December 31, 2011 (Audited)</u>	3
	<u>Unaudited Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2012 and 2011 and April 19, 2007 (Inception) through September 30, 2012</u>	4
	<u>Unaudited Condensed Consolidated Statements of Stockholders' Deficit for the period April 19, 2007 (Inception) through September 30, 2012</u>	5
	<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011 and April 19, 2007 (Inception) through September 30, 2012</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	8
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>	23
Item 4.	<u>Controls and Procedures</u>	23

**PART II. OTHER INFORMATION**

Item 1.	<u>Legal Proceedings</u>	25
Item 1A.	<u>Risk Factors</u>	25
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
Item 3.	<u>Defaults Upon Senior Securities</u>	25
Item 5.	<u>Other Information</u>	25
Item 6.	<u>Exhibits</u>	26

**Table of Contents****Organovo Holdings Inc.**

(A development stage company)

**Condensed Consolidated Balance Sheets**

	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 7,675,918	\$ 339,607
Grants receivable	95,477	
Inventory	312,182	291,881
Deferred financing costs		318,843
Prepaid expenses and other current assets	144,515	79,874
Total current assets	8,228,092	1,030,205
<b>Fixed Assets - Net</b>	605,920	278,208
<b>Restricted Cash</b>	88,321	
<b>Other Assets</b>	120,890	100,419
Total assets	\$ 9,043,223	\$ 1,408,832
<b>Liabilities and Stockholders' Deficit</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 61,347	\$ 657,560
Accrued expenses	830,033	437,837
Deferred revenue	75,000	152,500
Capital lease obligation, current portion	9,845	
Accrued interest payable		24,018
Convertible notes payable, current portion		703,833
Total current liabilities	976,225	1,975,748
<b>Capital lease obligation, net current portion</b>	19,712	
<b>Warrant liabilities</b>	35,471,527	1,266,869
Total liabilities	\$ 36,467,464	\$ 3,242,617
<b>Commitments and Contingencies (Note 5)</b>		
<b>Stockholders' Deficit</b>		
Common stock, \$0.001 par value; 150,000,000 shares authorized, 46,969,141 and 22,445,254 issued and outstanding at September 30, 2012 and December 31, 2011, respectively	46,969	22,445
Additional paid-in capital	13,208,039	4,835,326
Deficit accumulated during the development stage	(40,679,249)	(6,691,556)
Total stockholders' deficit	(27,424,241)	(1,833,785)
<b>Total Liabilities and Stockholders' Deficit</b>	\$ 9,043,223	\$ 1,408,832

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



**Table of Contents**

Organovo Holdings, Inc.

(A development stage company)

**Unaudited Condensed Consolidated Statements of Operations**

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011	Period from April 19, 2007 (Inception) through September 30, 2012
<b>Revenues</b>					
Product	\$	\$	\$	\$ 100,000	\$ 223,500
Collaborations	373,761	231,974	752,736	449,213	1,515,824
Grants	95,477		95,477	56,925	759,589
<b>Total Revenues</b>	469,238	231,974	848,213	606,138	2,498,913
Cost of product revenue				50,584	133,607
Selling, general, and administrative expenses	2,981,481	550,157	4,939,403	1,129,597	7,605,440
Research and development expenses	1,105,456	304,251	2,305,311	1,013,981	5,503,699
<b>Loss from Operations</b>	(3,617,699)	(622,434)	(6,396,501)	(1,588,024)	(10,743,833)
<b>Other Income (Expense)</b>					
Fair value of warrant liabilities in excess of proceeds received			(19,019,422)		(19,019,422)
Change in fair value of warrant liabilities	42,252,357		(5,190,637)		(5,197,206)
Financing transaction costs in excess of proceeds received			(2,129,500)		(2,129,500)
Loss on disposal of fixed assets	(158,366)		(158,366)		(158,366)
Interest expense	(203)	(182,320)	(1,087,656)	(294,245)	(3,406,098)
Interest income	1,358		3,342		5,348
Other income (expense)	596	(488)	(8,953)	(2,038)	(30,172)
<b>Total Other Income (Expense)</b>	42,095,742	(182,808)	(27,591,192)	(296,283)	(29,935,416)
<b>Net Income (Loss)</b>	\$ 38,478,043	\$ (805,242)	\$ (33,987,693)	\$ (1,884,307)	\$ (40,679,249)
Net income (loss) per common share - basic	\$ 0.87	\$ (0.07)	\$ (0.86)	\$ (0.16)	\$
Net income (loss) per common share - diluted	\$ 0.69	\$ (0.07)	\$ (0.86)	\$ (0.16)	\$
Weighted average shares used in computing net income (loss) per common share - basic	44,099,554	12,262,691	39,349,681	11,537,879	
Weighted average shares used in computing net income (loss) per common share - diluted	55,849,360	12,262,691	39,349,681	11,537,879	

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



**Table of Contents**

**Organovo Holdings, Inc.**

**(A development stage company)**

**Unaudited Condensed Consolidated Statements of Stockholders Deficit**

*Period from April 19, 2007 (Inception) through September 30, 2012*

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Development Stage	Total
<b>Balance at Inception (April 19, 2007)</b>		\$	\$	\$	\$
Issuance of Common stock					
Stock-based compensation expense					
Net Loss					
<b>Balance at December 31, 2007</b>		\$	\$	\$	\$
Issuance of Common stock to founders	1,729,532	1,730	(1,730)		
Issuance of restricted Common stock	12,627,697	12,628	(12,628)		
Stock-based compensation expense			1,742		