

Ampio Pharmaceuticals, Inc.
Form 10-Q
May 07, 2014
Table of Contents

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: March 31, 2014

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. 001-35182

AMPIO PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-0179592
(IRS Employer
Identification No.)

5445 DTC Parkway

Suite 925

Greenwood Village, Colorado 80111

(Address of principal executive offices, including zip code)

(720) 437-6500

(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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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 definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12B-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer 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 May 7, 2014, there were 51,916,172 shares outstanding of Common Stock, par value \$0.0001, of the registrant.

Table of Contents

AMPIO PHARMACEUTICALS, INC.

AND SUBSIDIARIES

THREE MONTHS ENDED MARCH 31, 2014

INDEX

	Page
<u>PART I FINANCIAL INFORMATION</u>	
Item 1. <u>Consolidated Financial Statements</u>	4
<u>Consolidated Balance Sheets as of March 31, 2014 (unaudited) and December 31, 2013</u>	4
<u>Consolidated Statements of Operations for the three months ended March 31, 2014 (unaudited), the three months ended March 31, 2013 (unaudited), and the period from December 18, 2008 (Inception) through March 31, 2014 (unaudited)</u>	5
<u>Consolidated Statements of Stockholders' Equity (Deficit)</u>	6
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2014 (unaudited), the three months ended March 31, 2013 (unaudited), and the period from December 18, 2008 (Inception) through March 31, 2014 (unaudited)</u>	7
<u>Notes to Consolidated Financial Statements (unaudited)</u>	8
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	23
Item 4. <u>Controls and Procedures</u>	23
<u>PART II OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	24
Item 1A. <u>Risk Factors</u>	24
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	24
Item 3. <u>Defaults Upon Senior Securities</u>	24
Item 4. <u>Mine Safety Disclosures</u>	24
Item 5. <u>Other Information</u>	24
Item 6. <u>Exhibits</u>	25
<u>SIGNATURES</u>	26

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements included or incorporated by reference in this report, other than statements of historical fact, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements appear in a number of places, including Management's Discussion and Analysis of Financial Condition and Results of Operations. These statements represent our reasonable judgment of the future based on various factors and using numerous assumptions and are subject to known and unknown risks, uncertainties and other factors that could cause our actual results and financial position to differ materially from those contemplated by the statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts, and use words such as anticipate, believe, estimate, expect, forecast, may, should, plan, project and other words of similar meaning. In particular, these include, but are not limited to, statements relating to the following:

projected operating or financial results, including anticipated cash flows used in operations;

expectations regarding capital expenditures, research and development expense and other payments;

our beliefs and assumptions relating to our liquidity position, including our ability to obtain additional financing;

our ability to obtain regulatory approvals for our pharmaceutical drugs and diagnostics; and

our future dependence on third party manufacturers or strategic partners to manufacture any of our pharmaceutical drugs and diagnostics that receive regulatory approval, and our ability to identify strategic partners and enter into beneficial license, co-development, collaboration or similar arrangements.

Any or all of our forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks, uncertainties and other factors including, among others:

the loss of key management personnel or sponsored research partners on whom we depend;

the progress and results of clinical trials for our product candidates;

our ability to navigate the regulatory approval process in the U.S. and other countries, and our success in obtaining required regulatory approvals for our product candidates;

commercial developments for products that compete with our product candidates;

the actual and perceived effectiveness of our product candidates, and how those product candidates compare to competitive products;

the strength of our intellectual property protection, and our success in avoiding infringing the intellectual property rights of others;

adverse developments in our research and development activities;

potential liability if our product candidates cause illness, injury or death, or adverse publicity from any such events;

our ability to operate our business efficiently, manage capital expenditures and costs (including general and administrative expenses) and obtain financing when required;

our expectations with respect to our acquisition activity.

In addition, there may be other factors that could cause our actual results to be materially different from the results referenced in the forward-looking statements, some of which are included elsewhere in this report, including

Management's Discussion and Analysis of Financial Condition and Results of Operations. Many of these factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed. Our actual future results may vary materially from those expressed or implied in any forward-looking statements. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement. Forward-looking statements speak only as of the date they are made, and we disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of this report, except as otherwise required by applicable law.

This Quarterly Report on Form 10-Q includes trademarks, such as Ampion, Optina, Zertane, Luoxis and Vyrix, which are protected under applicable intellectual property laws and are our property or the property of our subsidiaries. Solely for convenience, our trademarks and tradenames referred to in this Quarterly Report on Form 10-Q may appear without the ® or ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and tradenames.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements****AMPIO PHARMACEUTICALS, INC. AND SUBSIDIARIES****(A Development Stage Company)****Consolidated Balance Sheets**

	March 31, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$ 78,225,754	\$ 26,309,449
Prepaid expenses	495,303	131,986
Prepaid research and development - related party (Note 9)	254,710	
Total current assets	78,975,767	26,441,435
Fixed assets, net (Note 2)		
In-process research and development	4,317,188	1,298,504
Patents, net	7,500,000	7,500,000
Long-term portion of prepaid research and development - related party (Note 9)	717,260	734,957
Deposits	1,074,215	43,856
	43,856	43,856
	13,652,519	9,577,317
Total assets	\$ 92,628,286	\$ 36,018,752
Liabilities and Stockholders Equity		
Current liabilities		
Accounts payable	\$ 4,422,421	\$ 1,900,576
Accrued liabilities - related party (Note 9)	600,000	
Accrued bonuses		522,056
Deferred revenue	50,000	50,000
Total current liabilities	5,072,421	2,472,632
Long-term deferred revenue	318,750	331,250
Total liabilities	5,391,171	2,803,882
Commitments and contingencies (Note 6)		

Stockholders' equity		
Preferred Stock, par value \$.0001; 10,000,000 shares authorized; none issued		
Common Stock, par value \$.0001; 100,000,000 shares authorized; shares issued and outstanding - 51,916,172 in 2014 and 42,065,031 in 2013	5,192	4,207
Additional paid-in capital	161,435,766	96,942,744
Advances to stockholders	(90,640)	(90,640)
Deficit accumulated in the development stage	(74,021,338)	(63,779,155)
Total Ampio stockholders' equity	87,328,980	33,077,156
Non-controlling interests	(91,865)	137,714
Total equity	87,237,115	33,214,870
Total liabilities and equity	\$ 92,628,286	\$ 36,018,752

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

Table of Contents**AMPIO PHARMACEUTICALS, INC. AND SUBSIDIARIES****(A Development Stage Company)****Consolidated Statements of Operations****(unaudited)**

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	December 18, 2008 (Inception) through March 31, 2014
License revenue	\$ 12,500	\$ 12,500	\$ 131,250
Expenses			
Research and development	\$ 8,403,667	\$ 2,786,822	\$ 43,877,263
Research and development - related party (Note 9)	11,075		11,075
General and administrative	2,073,015	1,311,800	21,913,929
Total operating expenses	10,487,757	4,098,622	65,802,267
Other income (expense)			
Interest income	3,495	4,277	46,315
Interest expense			(29,317)
Unrealized loss on fair value of debt instruments			(5,547,911)
Derivative (expense) income		(126,478)	(3,234,340)
Total other income (expense)	3,495	(122,201)	(8,765,253)
Net loss, before income tax	\$ (10,471,762)	\$ (4,208,323)	\$ (74,436,270)
Foreign tax expense			82,500
Net loss	\$ (10,471,762)	\$ (4,208,323)	\$ (74,518,770)
Net loss applicable to non-controlling interests	\$ 229,579	\$ 29,695	\$ 749,447
Net loss applicable to Ampio	\$ (10,242,183)	\$ (4,178,628)	\$ (73,769,323)
Weighted average number of Ampio common shares outstanding	44,950,267	37,072,509	
Basic and diluted Ampio net loss per common share	\$ (0.23)	\$ (0.11)	

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

Table of Contents

AMPIO PHARMACEUTICALS, INC. AND SUBSIDIARIES

(A Development Stage Company)

Consolidated Statements of Stockholders Equity (Deficit)

	Series A Preferred Stock		Common Stock		Common Stock	Additional	Additional	Advances	Deficit	Total
	Shares	Amount	Shares	Amount	Subscribed	Paid in Capital	Issuance	in the Development Stage	Non-controlling Interests	Stockholders Equity (Deficit)
Balance - December 18, (date of issuance)		\$		\$	\$	\$	\$	\$	\$	\$
Issuance of common stock under December, 2008			1,080,000	1,080						1,080
Balance - December 31, 2008			1,080,000	1,080						1,080
Issuance of common stock in exchange for acquisition of intangible assets in December 2009			3,500,000	3,500				(252,015)		(248,015)
Issuance of Series A Preferred Stock in exchange for liquidation of entity payable April 2009	163,934	164				199,836				200,000
Balance of December 31, 2009			7,350,000	7,350						7,350,000

