

SeaSpine Holdings Corp
Form 10-Q
November 10, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 September 30, 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 NO. 001-36905

SeaSpine Holdings Corporation
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

47-3251758
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

5770 Armada Drive, Carlsbad, California
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE) 92008
REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (760) 727-8399

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

The number of shares of the registrant's Common Stock, \$0.01 par value, outstanding as of November 2, 2016 was 11,205,282.

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EX-101 INSTANCE DOCUMENT

EX-101 SCHEMA DOCUMENT

EX-101 CALCULATION LINKBASE DOCUMENT

EX-101 DEFINITION LINKBASE DOCUMENT

EX-101 LABELS LINKBASE DOCUMENT

EX-101 PRESENTATION LINKBASE DOCUMENT

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SEASPINE HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Total revenue, net	\$31,741	\$32,679	\$96,341	\$98,454
Cost of goods sold	13,881	17,341	42,094	44,448
Gross profit	17,860	15,338	54,247	54,006
Operating expenses:				
Selling, general and administrative	23,803	26,348	76,166	83,059
Research and development	2,600	2,364	8,534	5,973
Intangible amortization	955	1,295	3,517	4,049
Total operating expenses	27,358	30,007	88,217	93,081
Operating loss	(9,498)	(14,669)	(33,970)	(39,075)
Other income (expense), net	(59)	195	(33)	(577)
Loss before income taxes	(9,557)	(14,474)	(34,003)	(39,652)
Provision (benefit) for income taxes	(103)	(275)	(559)	2,130
Net loss	\$(9,454)	\$(14,199)	\$(33,444)	\$(41,782)
Net loss per share, basic and diluted	\$(0.84)	\$(1.27)	\$(2.98)	\$(3.75)
Weighted average shares used to compute basic and diluted net loss per share	11,271	11,171	11,206	11,130

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

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net loss	\$(9,454)	\$(14,199)	\$(33,444)	\$(41,782)
Other comprehensive income				
Foreign currency translation adjustments	45	525	131	937
Comprehensive loss	\$(9,409)	\$(13,674)	\$(33,313)	\$(40,845)

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

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SEASPINE HOLDINGS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value data)

September 30, December 31,
2016 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 20,808	\$ 33,429
Trade accounts receivable, net of allowances of \$594 and \$764	21,202	25,326
Inventories	48,176	51,271
Prepaid expenses and other current assets	2,648	