

NanoString Technologies Inc  
Form 10-Q  
May 06, 2016  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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 001-35980

NANOSTRING TECHNOLOGIES, INC.  
(Exact name of registrant as specified in its charter)

Delaware 20-0094687  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
530 Fairview Avenue North  
Seattle, Washington 98109  
(Address of principal executive offices)  
(206) 378-6266  
(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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or 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

As of May 2, 2016 there were 19,772,601 shares of registrant's common stock outstanding.



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NANOSTRING TECHNOLOGIES, INC.  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTER ENDED MARCH 31, 2016  
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## PART 1. FINANCIAL INFORMATION

## Item 1. Condensed Consolidated Financial Statements

NanoString Technologies, Inc.  
Condensed Consolidated Balance Sheets  
(in thousands, except par value)  
(Unaudited)

|  | March<br>31, 2016 | December<br>31, 2015 |
|--|-------------------|----------------------|
| Assets   |                   |                      |
| Current assets:  |                   |                      |
| Cash and cash equivalents  | \$29,587          | \$21,856             |
| Short-term investments   | 27,151            | 27,188               |
| Accounts receivable, net   | 15,528            | 19,725               |
| Inventory  | 11,836            | 10,138               |
| Prepaid expenses and other   | 3,130             | 3,886                |
| Total current assets   | 87,232            | 82,793               |
| Restricted cash  | 143               | 143                  |
| Deferred offering costs  | 181               | 181                  |
| Property and equipment, net  | 10,841            | 9,414                |
| Other assets   | 335               | 338                  |
| Total assets   | \$98,732          | \$92,869             |
| Liabilities and Stockholders' Equity   |                   |                      |
| Current liabilities:   |                   |                      |
| Accounts payable   | \$3,546           | \$3,243              |
| Accrued liabilities  | 7,629             | 12,181               |
| Deferred revenue, current portion  | 11,749            | 5,261                |
| Lease financing obligations, current portion   | 190               | 226                  |
| Total current liabilities  | 23,114            | 20,911               |
| Deferred revenue, net of current portion   | 20,000            | 6,486                |
| Deferred rent and other long-term liabilities  | 5,725             | 4,257                |
| Long-term debt and lease financing obligations, net of current portion and debt issuance costs   | 41,285            | 41,000               |
| Total liabilities  | 90,124            | 72,654               |
| Commitment and contingencies   |                   |                      |
| Stockholders' equity:  |                   |                      |
| Preferred stock, \$0.0001 par value, 15,000 shares authorized; none issued   | —                 | —                    |
| Common stock, \$0.0001 par value, 150,000 shares authorized; 19,772 and 19,570 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively | 2                 | 2                    |
| Additional paid-in capital   | 245,655           | 242,693              |
| Accumulated other comprehensive income (loss)  | 5                 | (29)                 |
| Accumulated deficit  | (237,054)         | (222,451)            |
| Total stockholders' equity   | 8,608             | 20,215               |
| Total liabilities and stockholders' equity   | \$98,732          | \$92,869             |

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



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NanoString Technologies, Inc.  
Condensed Consolidated Statements of Operations  
(in thousands, except per share amounts)  
(Unaudited)

|  | Three Months Ended<br>March 31, |            |
|--|---------------------------------|------------|
|  | 2016                            | 2015       |
| Revenue:   |                                 |            |
| Product and service  | \$12,136                        | \$10,832   |
| Collaboration  | 2,561                           | 761        |
| Total revenue  | 14,697                          | 11,593     |
| Costs and expenses:  |                                 |            |
| Cost of product and service revenue  | 5,870                           | 5,340      |
| Research and development   | 7,208                           | 5,916      |
| Selling, general and administrative  | 14,904                          | 14,125     |
| Total costs and expenses   | 27,982                          | 25,381     |
| Loss from operations   | (13,285 )                       | (13,788 )  |
| Other income (expense):  |                                 |            |
| Interest income  | 68                              | 67         |
| Interest expense   | (1,315 )                        | (984 )     |
| Other expense, net   | (71 )                           | (189 )     |
| Total other income (expense), net  | (1,318 )                        | (1,106 )   |
| Net loss before provision for income tax                                       | (14,603 )                       | (14,894 )  |
| Provision for income tax   | —                               | —          |
| Net loss   | \$(14,603)                      | \$(14,894) |
| Net loss per share - basic and diluted   | \$(0.74 )                       | \$(0.81 )  |
| Weighted average shares used in computing basic and diluted net loss per share | 19,669                          | 18,310     |

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

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NanoString Technologies, Inc.  
Condensed Consolidated Statements of Comprehensive Loss  
(in thousands)  
(Unaudited)

|   | Three Months Ended |            |
|---|--------------------|------------|
|   | March 31,          |            |
|   | 2016               | 2015       |
| Net loss  | \$(14,603)         | \$(14,894) |
| Change in unrealized gain or loss on short-term investments | 34                 | 25         |
| Comprehensive loss  | \$(14,569)         | \$(14,869) |

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

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NanoString Technologies, Inc.  
Condensed Consolidated Statements of Cash Flows  
(in thousands)  
(Unaudited)

|                      | Three<br>Months<br>Ended<br>March 31,<br>2016 | 2015 |
|----------------------|---|------|
| Operating activities |   |      |
| Net loss             | \$  |      |