BioAmber Inc.
Form 10-Q
August 12, 2014

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, 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 number: 001-35905

BIOAMBER INC.

(Exact name of registrant as specified in its charter)

Delaware	98-0601045
(State or other jurisdiction of incorporation or organization)	(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 x 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 x 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 x (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 x

As of August 7, 2014, there were 21,806,299 shares of the registrant's Common Stock, $0.01 par value per share, outstanding.

BIOAMBER INC.

Form 10-Q

For the Quarter Ended June 30, 2014

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, 2014 and 2013

and the period from October 15, 2008 (inception) to June 30, 2014

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Period from October 15, 2008 (inception) to June 30, 2014
	2014	2013	2014	2013	
	$	$	$	$	$
Revenues					
Licensing revenue from related parties (Note 17)	—	—	—	—	1,300,580
Product sales	414,600	1,028,389	765,261	1,359,111	6,282,117
Total revenues	414,600	1,028,389	765,261	1,359,111	7,582,697
Cost of goods sold excluding depreciation and amortization (Note 17)	2,251,101	1,411,225	2,530,961	1,609,741	7,802,864
Gross loss	(1,836,501)	(382,836)	(1,765,700)	(250,630)	(220,167)
Operating expenses					
General and administrative	2,865,175	2,292,082	5,784,238	4,630,395	37,767,634
Research and development, net	4,258,554	4,220,580	7,572,803	10,319,720	67,989,134
Sales and marketing	1,737,458	1,652,302	2,848,860	2,747,732	14,404,904
Depreciation of property and equipment and amortization of intangible assets	59,909	538,987	119,583	1,072,165	4,931,698
Impairment loss and write-off of property and equipment and of intangible assets	—	8,619,405	—	8,619,405	9,960,743
Foreign exchange (gain) loss	(379,442)	(28,450)	(211,814)	(116,687)	347,385
Operating expenses	8,541,654	17,294,906	16,113,670	27,272,730	135,401,498
Operating loss	10,378,155	17,677,742	17,879,370	27,523,360	135,621,665.0
	71,909	117,120	144,709	186,433	670,681

Amortization of deferred financing costs and debt discounts					
Financial charges (income), net (Note 10)	3,870,799	(10,616,800)	16,223,520	(10,616,800)	14,433,346
Gain on debt extinguishment (Note 8)	—	—	—	(314,305)	(314,305)
Interest revenue from related parties (Note 17)	—	—	—	—	(161,771)
Equity participation in (income) losses of equity method investments (Note 3)	(162)	51	(108)	15,390	7,062,969
Gain on re-measurement of BioAmber S.A.S.	—	—	—	—	(6,215,594)
Other expense (income), net	(185,000)	—	(185,000)	—	(185,000)
Loss before income taxes	14,135,701	7,178,113	34,062,491	16,794,078	150,911,991
Income taxes (Note 14)	9,439	46,570	34,690	46,570	(599,451)
Net loss	14,145,140	7,224,683	34,097,181	16,840,648	150,312,540
Net loss attributable to:					
BioAmber Inc. shareholders	13,992,561	7,056,877	33,903,606	16,557,133	148,947,554
Non-controlling interest	152,579	167,806	193,575	283,515	1,364,986
	14,145,140	7,224,683	34,097,181	16,840,648	150,312,540
Net loss per share attributable to BioAmber Inc. shareholders - basic	$0.75	$0.47	$1.83	$1.31	
Weighted-average of common shares outstanding - basic	18,574,690	15,035,037	18,567,213	12,658,484	

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

3

BIOAMBER INC.

(a development stage company)

Consolidated Statements of Comprehensive Loss

For the three and six months ended June 30, 2014 and 2013

and the period from October 15, 2008 (inception) to June 30, 2014

(Unaudited)

	Three Months ended June 30,		Six Months ended June 30,		Period from October 15, 2008 (inception) to June 30, 2014
	2014	2013	2014	2013	
	$	$	$	$	$
Net loss	14,145,140	7,224,683	34,097,181	16,840,648	150,312,540
Foreign currency translation adjustment	(1,378,656)	507,239	(530,548)	619,202	(198,180)
Total comprehensive loss	12,766,484	7,731,922	33,566,633	17,459,850	150,114,360
Total comprehensive loss attributable to:					
BioAmber Inc. shareholders	12,972,600	7,709,887	33,473,419	17,136,577	148,891,352
Non-controlling interest	(206,116)	22,035	93,214	323,273	1,223,008
	12,766,484	7,731,922	33,566,633	17,459,850	150,114,360

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

BIOAMBER INC.

(a development stage company)

Consolidated Balance Sheets

June 30, 2014 and December 31, 2013

(Unaudited)

	As of June 30, 2014 $	As of December 31, 2013 $
Assets		
Current assets		
Cash (Note 8 iv))	54,303,616	83,728,199
Accounts receivable	627,508	754,987
Inventories (Note 4)	3,977,660	2,415,402
Prepaid expenses and deposits (Note 4)	3,645,369	5,131,367
Valued added tax, income taxes and other receivables	3,405,432	2,262,139
Deferred financing costs	92,500	671,270
Total current assets	66,052,085	94,963,364
Property and equipment, net (Note 5)	46,156,102	13,554,279
Investment in equity method investments (Note 3)	35,141	710,033
Intangible assets, net (Note 6)	4,227,511	4,158,550
Goodwill	688,313	692,788
Restricted Cash	702,900	—
Deferred financing costs	1,006,206	—
Total assets	118,868,258	114,079,014
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	12,450,573	7,081,471
Income taxes payable (Note 14)	1,094,626	1,120,669
Accounts payable Agro-industries Recherches et Développements (“ARD”) (Note 17)	2,637,304	29,497
Deferred grants (Note 9)	3,051,372	3,061,140
Short-term portion of long-term debt (Note 8)	13,103,885	6,520,263
Total current liabilities	32,337,760	17,813,040
Long-term debt (Note 8)	19,591,955	23,209,629
Warrants financial liability (Note 13)	20,480,000	5,840,000
Other long-term liabilities	105,000	82,500
Total liabilities	72,514,715	46,945,169
Commitments and contingencies (Note 11)		
Redeemable Non-controlling interest (Note 12)	10,153,411	—
Shareholders’ equity		
Share capital		
Common stock:		
	185,863	185,584

$0.01 par value per share; 250,000,000 authorized, 18,586,299 and 18,558,369 issued and outstanding at June 30, 2014 and December 31, 2013, respectively		
Additional paid-in capital	181,956,603	177,275,934
Warrants	2,949,018	2,964,335
Deficit accumulated during the development stage	(148,947,556)	(115,043,950)
Accumulated other comprehensive income (loss)	56,204	(373,983)
Total BioAmber Inc. shareholders' equity	36,200,132	65,007,920
Non-controlling interest (Note 12)	—	2,125,925
Total shareholders' equity	36,200,132	67,133,845
Total liabilities and equity	118,868,258	114,079,014

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

BIOAMBER INC.

(a development stage company)

Consolidated Statements of Shareholders’ Equity

for the period from June 30, 2009 to June 30, 2014

(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	Tot sha equ
	Shares	Par value $	Shares	Par value $	$	Shares	Par value $	$	$	$	$
June	408,100	4,081	1,177,925	11,779	3,691,382	1,522,465	2,118,563	(1,850,906)	(4,120)	—	3,9
of stock o n of of stock	696,500	6,965	—	—	3,992,935	—	—	—	—	—	3,9
t net e	1,393,070	13,931	—	—	7,396,417	—	—	—	—	—	7,4
of o t	—	—	—	—	(244,373)	66,185	244,373	—	—	—	—

on of											
f stock o											
t	1,177,925	11,779	(1,177,925)	(11,779)	—	—	—	—	—	—	—
	82,355	824	—	—	156,445	(82,355)	(54,302)	—	—	—	10
	—	—	—	—	11,769	(29,050)	(11,769)	—	—	—	—
ons	7,000	70	—	—	7,434	—	—	—	—	—	7,5
on of s	—	—	—	—	—	—	—	—	—	339,142	33
ed tion	—	—	—	—	470,325	—	—	—	—	—	47
	—	—	—	—	—	—	—	(7,992,216)	—	(77,306)	(8,
n	—	—	—	—	—	—	—	—	(646,824)	—	(64
une	3,764,950	37,650	—	—	15,482,334	1,477,245	2,296,865	(9,843,122)	(650,944)	261,836	7,5
une	3,764,950	37,650	—	—	15,482,334	1,477,245	2,296,865	(9,843,122)	(650,944)	261,836	7,5
	—	—	—	—	7,879	(7,350)	(7,879)	—	—	—	—
f stock o											
n of	1,107,540	11,075	—	—	7,333,149	—	—	—	—	—	7,3
ed tion	—	—	—	—	635,284	—	—	—	—	—	63
	—	—	—	—	—	—	—	(2,010,861)	—	(101,923)	(2,
n	—	—	—	—	—	—	—	—	403,302	—	40

r 31,	4,872,490	48,725	—	—	23,458,646	1,469,895	2,288,986	(11,853,983)	(247,642)	159,913	13
r 31,	4,872,490	48,725	—	—	23,458,646	1,469,895	2,288,986	(11,853,983)	(247,642)	159,913	13
of stock o											
, net e	3,887,485	38,875	—	—	40,730,500	—	—	—	—	—	40
of stock o											
, net e											
Note	702,135	7,021	—	—	19,962,566	—	—	—	—	—	19
of											
o											
ion red e											
et of											
ote	379,155	3,792	—	—	3,986,475	—	—	—	—	—	3,9
of											
of											
t	—	—	—	—	—	94,745	810,448	—	—	—	81

6

	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 sharehol equity
	Shares	Par value $	Shares	Par value $	$	Shares	Par value $	$	$	$	$
se of non stock oven ers	70,000	700	—	—	1,228,400	—	—	—	—	—	1,229,1
nts sed	45,500	455	—	—	97,164	(45,500)	(9,902)	—	—	—	87,717
nts ed	—	—	—	—	14,254	(59,850)	(14,254)	—	—	—	—
options sed	7,000	70	—	—	7,434	—	—	—	—	—	7,504
-based ensation 13)	—	—	—	—	3,905,478	—	—	—	—	—	3,905,4
oss	—	—	—	—	—	—	—	(30,621,159)	—	(231,244)	(30,852
sition of ontrolling rest	—	—	—	—	2,984,550	—	—	—	—	3,950	2,988,5
ibution by ontrolling st	—	—	—	—	—	—	—	—	—	2,912,628	2,912,6
gn ncy ation	—	—	—	—	—	—	—	—	(257,615)	—	(257,61
ce, nber 31,	9,963,765	99,638	—	—	96,375,467	1,459,290	3,075,278	(42,475,142)	(505,257)	2,845,247	59,415,
ce, nber 31,	9,963,765	99,638	—	—	96,375,467	1,459,290	3,075,278	(42,475,142)	(505,257)	2,845,247	59,415,
nce of non shares, ,254	351,050	3,510	—	—	9,974,146	—	—	—	—	—	9,977,6
se of s held in	35,000	350	—	—	(350)	—	—	—	—	—	—
nts ed	—	—	—	—	321	(1,435)	(321)	—	—	—	—

-based ensation (13)	—	—	—	—	7,431,262	—	—	—	—	—	7,431,2
oss	—	—	—	—	—	—	—	(39,351,050)	—	(187,413)	(39,538
gn ncy ation	—	—	—	—	—	—	—	—	410,288	101,601	511,889
ce, nber 31,	10,349,815	103,498	—	—	113,780,846	1,457,855	3,074,957	(81,826,192)	(94,969)	2,759,435	37,797,
ce, nber 31,	10,349,815	103,498	—	—	113,780,846	1,457,855	3,074,957	(81,826,192)	(94,969)	2,759,435	37,797,
se of s - Sinoven	63,000	630	—	—	(630)	—	—	—	—	—	—
elation of s - Sinoven	—	—	—	—	(140,000)	—	—	—	—	—	(140,00
-based ensation 13)	—	—	—	—	6,731,539	—	—	—	—	—	6,731,5
roceeds	8,000,000	80,000	—	—	79,920,000	—	—	—	—	—	80,000,
osts	—	—	—	—	(7,136,291)	—	—	—	—	—	(7,136,
nts issued O					(16,148,000)	—	—	—	—	—	(16,148
nts sed	145,554	1,456	—	—	268,470	(145,554)	(110,622)	—	—	—	159,304
oss	—	—	—	—	—	—	—	(33,217,758)	—	(573,524)	(33,791
gn ncy ation	—	—	—	—	—	—	—	—	(279,014)	(59,986)	(339,00
ce, nber 31,	18,558,369	185,584	—	—	177,275,934	1,312,301	2,964,335	(115,043,950)	(373,983)	2,125,925	67,133,
ce at nber 31,	18,558,369	185,584	—	—	177,275,934	1,312,301	2,964,335	(115,043,950)	(373,983)	2,125,925	67,133,
-based ensation 13)	—	—	—	—	4,521,641	—	—	—	—	—	4,521,6
ssification ontrolling rest to mable ontrolling rest (Note	—	—	—	—	—	—	—	—	—	(2,125,925)	(2,125,9

ibution by ontrolling rest	—	—	—	—	—	—	—	—	—	—	—
nts issued o	—	—	—	—	—	—	—	—	—	—	—
nts sed	6,930	69	—	—	38,698	(6,930)	(15,317)	—	—	—	23,450
options sed	21,000	210	—	—	120,330	—	—	—	—		120,540
ss	—	—	—	—	—	—	—	(33,903,606)	—	—	(33,903
gn ncy ation	—	—	—	—	—	—	—	—	430,187	—	430,18
ce, June 014	18,586,299	185,863	—	—	181,956,603	1,305,371	2,949,018	(148,947,556)	56,204	—	36,200,

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

7

BIOAMBER INC. (a development stage company)

Consolidated Statements of Cash Flows

for three and six months ended June 30, 2014 and 2013

and the period from October 15, 2008 (inception) to June 30, 2014

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,		Period from October 15, 2008 (inception) to June 30, 2014
	2014	2013	2014	2013	
	$	$	$	$	$
Cash flows from operating activities					
Net loss	(14,145,140)	(7,224,683)	(34,097,181)	(16,840,648)	(150,312,540)
Adjustments to reconcile net loss to cash:					
Stock-based compensation	3,037,960	2,059,224	4,521,641	4,476,591	23,892,526
Depreciation of property and equipment and amortization of intangible assets	59,909	538,987	119,583	1,072,165	4,931,698
Impairment loss and write-off of property and equipment and of intangible assets	—	8,619,405	—	8,619,405	9,960,743
Amortization of deferred financing costs and debt discounts	71,909	117,120	144,709	186,433	670,681
Write-off of IPO costs	—	—	—	—	1,828,074
Equity participation in losses (income) of equity method investments	(162)	51	(108)	15,390	7,062,969
Other long-term liabilities	11,250	11,250	22,500	22,500	105,000
Gain on re-measurement of Bioamber S.A.S. (Note 8 iii))	—	—	—	—	(6,215,594)
Financial charges (income), net (Note 10)	3,278,492	(11,748,000)	15,114,362	(11,748,000)	10,942,004
(Gain) loss on debt extinguishment (Note 8)	—	—	—	(314,305)	(314,305)
Deferred income taxes	—	—	—	—	(736,935)

Changes in operating assets and liabilities					
Change in accounts receivable	(47,608)	(35,025)	127,479	(31,124)	(627,508)
Change in accounts receivable from Bioamber S.A.S.	—	—	—	—	(5,963,869)
Change in inventories	(110,643)	931,966	(1,562,258)	(421,191)	(3,977,660)
Change in prepaid expenses and deposits	376,478	2,117,460	1,252,076	(3,394,675)	(3,638,588)
Change in research and development tax credits receivable, value added tax, income taxes and other receivables	(642,366)	443,669	(1,246,416)	(88,076)	(771,244)
Change in accounts payable to ARD	2,089,630	(432,014)	2,606,462	(118,871)	3,015,368
Change in accounts payable and accrued liabilities	2,936,710	1,300,201	5,046,282	1,195,674	9,295,704
Net cash used in operating activities	(3,083,581)	(3,300,389)	(7,950,869)	(17,368,732)	(100,853,476)
Cash flows from investing activities					
Acquisition of property and equipment	(19,997,463)	(2,073,690)	(32,728,279)	(2,112,459)	(52,244,935)
Change in restricted cash	—	—	(678,450)	—	(678,450)
Cash consideration paid on the acquisition of Sinoven	—	—	—	—	(20)
Capital redistribution from (Investment in) equity method investments (Note 3)	675,000	—	675,000	—	(325,000)
Net cash from acquisition of Bioamber S.A.S.	—	—	—	—	1,016,969
Net cash used in investing activities	(19,322,463)	(2,073,690)	(32,731,729)	(2,112,459)	(52,231,436)

8

	Three Months Ended June 30,		Six Months Ended June 30,		Period from October 15, 2008 (inception) to June 30, 2014
	2014	2013	2014	2013	
	$	$	$	$	$
Cash flows from financing activities					
Issuance of bridge loan	—		—	—	585,000
Repayment of bridge loan	—		—	—	(585,000)
Deferred financing costs	(561,100)	(624,946)	(561,100)	(771,659)	(2,736,416)
Issuance of long-term debt (Note 8)	2,191,218	24,979,219	2,191,218	25,589,855	31,616,406
Government grants (Note 9)	792,111	(17,105)	792,111	485,462	8,348,437
Proceeds from issuance of convertible notes, net of financing costs	—	—	—	—	7,805,798
Net proceeds from issuance of common shares	140,238	—	143,990	—	78,634,741
Proceeds from issuance of shares by a subsidiary (Note 12)	—	—	8,120,700	—	11,033,328
Net proceeds on issuance of units (Note 13)	—	72,863,709	—	72,863,709	72,863,709
Cancellation of shares (Note 2)	—	—	—	(140,000)	(140,000)
Net cash provided by financing activities	2,562,467	97,200,877	10,686,919	98,027,367	207,426,003
Foreign exchange impact on cash	1,125,124	(376,702)	571,096	(637,304)	(37,475)
Increase (decrease) in cash	(18,718,453)	91,450,096	(29,424,583)	77,908,872	54,303,616
Cash, beginning of period	73,022,069	11,531,113	83,728,199	25,072,337	—
Cash, end of period	54,303,616	102,981,209	54,303,616	102,981,209	54,303,616
Supplemental cash flow information:					
Non-cash transactions:					
Shares and warrants issued in connection with the spin-off transaction	—	—	—	—	4,011,220
Conversion of convertible notes into common shares (Note 13)	—	—	—	—	5,999,347
Conversion of preferred shares into common shares	—	—	—	—	11,779
Acquisition of Sinoven - contingent consideration	—	—	—	—	1,005,000
Acquisition of Bioamber S.A.S. common	—	—	—	—	7,344,224

stock					
Warrants issued in connection with the bridge loan and closing of private placement	—	—	—	—	810,448
Deferred financing costs related to the second public offering not yet paid	93,559	842,705	93,559	842,705	93,559
Construction in Progress costs not yet paid	8,113,000	137,367	8,113,000	137,367	8,113,000
Amortization of debt discounts capitalized to CIP	161,237	—	303,635	—	603,635

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

BIOAMBER INC.

(a development stage company)

Notes to Consolidated Financial Statements

for the three and six months ended June 30, 2014 and 2013, year ended December 31, 2013 and

the period from October 15, 2008 (inception) to June 30, 2014

(Unaudited)

1. Summary of significant accounting policies

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with SEC rules and regulations and using the same accounting policies as described in Note 2 of the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013. Accordingly, these unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. The results of operations for the six and three months ended June 30, 2014 are not necessarily indicative of results to be expected for the year ended December 31, 2014 or any other future period.

Fair value of financial instruments

The Company applies FASB ASC 820, Fair Value Measurement, which defines fair value and establishes a framework for measuring fair value and making disclosures about fair value measurements. FASB ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is impacted by a number of factors, including the type of financial instruments and the characteristics specific to them. Financial instruments with readily available quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

There are three levels within the hierarchy that may be used to measure fair value:

Level 1 —A quoted price in an active market for identical assets or liabilities.

Level 2 —

Significant pricing inputs are observable inputs, which are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources.

Level 3 — Significant pricing inputs are unobservable inputs, which are inputs that reflect the Company's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value measurements level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable value or reflective of future fair values. There have been no changes in the methodologies used since December 31, 2013.

Restricted Cash

Cash amounts that are restricted to withdrawal or usage are presented as restricted cash. As of June 30, 2014 and 2013, the Company had $702,900 and nil, respectively, of restricted cash held in an escrow account as a guarantee to a long-term supply agreement. See also Note 17.

Revenue

The Company's revenues represent sales of bio-succinic acid and derivative products to a limited number of customers. Revenues from two customers represented 52% and 68% of the consolidated revenue for the six months ended June 30, 2014 and 2013, respectively. Revenues from two customers represented 47% and 70% of the consolidated revenue for the three months ended June 30, 2014 and 2013, respectively.

Intangible assets

Costs incurred in obtaining patents are capitalized and amortized on a straight-line basis over their estimated useful lives of between 8 and 15 years. The Company's patent portfolio was acquired as part of the spin-off transaction and the acquisition of Bioamber SAS. The cost of servicing the patents is expensed as incurred.

As required by FASB ASC 805, business combinations, acquired in-process research and development ("IPR&D") through business combinations is accounted for as an indefinite-lived intangible asset until completion or abandonment of the associated research and development efforts. Therefore, such assets are not amortized but are tested for impairment at least annually. Once the research and development activities are deemed to be substantially complete, the assets will be amortized over the related product's useful life. If the project is abandoned, the assets will be written off if they have no alternative future use. The Company reviews its portfolio of patents and acquired in-process research and development taking into consideration events or circumstances that may affect its recoverable value.

Long-lived asset impairment

Management assesses the fair value of its long-lived assets in accordance with FASB ASC 360, Property, Plant, and Equipment. At the end of each reporting period, it evaluates whether there is objective evidence of events or changes in business conditions which suggest that an asset may be impaired.

In such cases the Company determines the fair value based upon forecasted cash flows which the assets are expected to generate and the net proceeds expected from their sale. If the carrying amount exceeds the fair value of the assets, estimated by discounting cash flows techniques, an impairment charge is recorded. The impairment charge is determined as the difference between the fair value of the assets and their corresponding carrying value.

Warrants financial liability

The Company accounts for common stock warrants in accordance with applicable accounting guidance provided in FASB ASC 815, Derivatives and Hedging—Contracts in Entity's Own Equity, as either derivative liabilities or as equity instruments depending on the specific terms of the warrant agreement. Derivative warrant liabilities were valued using the Black-Scholes pricing model at the date of initial issuance and are valued using the closing value as quoted on the New York Stock Exchange at each subsequent balance sheet date.

The liability is presented as warrants financial liability in the consolidated balance sheet, and changes in the fair value of the warrants are reflected in the consolidated statement of operations as part of financial charges (income), net.

Redeemable non-controlling interest

The Company accounts for redeemable non-controlling interest in accordance with FASB ASC 480-10-S99, Classification and Measurement of Redeemable Securities, under which the initial carrying value of the redeemable non-controlling interest is classified as temporary equity. The redeemable non-controlling interest is presented at the greater of their carrying amount or redemption value at the end of each reporting period. The changes in the value from period to period are charged to redeemable non-controlling interest on the consolidated balance sheets, or in reduction of retained earnings and earnings available to common shareholders if the redemption value is greater than the carrying amount. Refer to Note 12.

Net loss per share

The Company computes net loss per share in accordance with FASB ASC 260, Earnings Per Share, under which basic net loss per share attributable to common shareholders is computed by dividing net loss attributable to common shareholders by the basic weighted-average number of common shares outstanding during the period. Shares issued and reacquired during the period are weighted for the portion of the period that they were outstanding. The computation of diluted earnings per share ("EPS") is similar to the computation of the basic EPS except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if all of the potentially dilutive shares of common stock had been issued. In addition, in computing the dilutive effect of convertible securities, the numerator is adjusted to add back any convertible preferred dividends and the after-tax amount of interest recognized in the period associated with any convertible debt. The numerator is also adjusted for any other changes in income or loss that would result from the assumed conversion of those potential shares of common stock such as profit-sharing expenses. Common equivalent shares are excluded from the diluted EPS calculation if their effect is anti-dilutive. Losses have been incurred in each period since inception; accordingly, diluted loss per share is not presented.

Recent accounting pronouncements

In July 2013, the FASB issued an amended accounting standard update on the financial statement presentation of unrecognized tax benefits. The amended guidance provides that a liability related to an unrecognized tax benefit should be presented as a reduction of a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. The new guidance became effective for the Company on January 1, 2014 and was applied prospectively to unrecognized tax benefits that existed at the effective date with retrospective applications permitted. The Company’s current presentation of unrecognized tax benefits conforms with the amended guidance. Accordingly, there was no impact to the Company resulting from this amended standard.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue Recognition - Revenue from Contracts with Customers," which is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The standard is effective for interim and annual periods beginning after December 15, 2016, and either full retrospective adoption or modified retrospective adoption is permitted. The Company is in the process of evaluating the impact of the standard.

In June 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-10,"Development Stage Entities," - Elimination of Certain Financial Reporting Requirements, including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation, which eliminates the concept of a development stage entity (DSE) in its entirety from current accounting guidance. Amendments to the consolidation guidance may result in more DSEs being considered variable interest entities (VIEs). The new guidance is effective for fiscal years and interim periods beginning after 15 December 2014, with early adoption permitted. The Company is in the process of evaluating the impact of the standard. The Company is considering early adoption of this ASU.

2. Sinoven Biopolymers Inc. (“Sinoven”)

On March 1, 2013, the Company and Sinoven’s selling shareholders entered into a Termination and Release Agreement (the “Termination Agreement”), whereby their employment was terminated. Pursuant to the Termination Agreement, the 70,000 shares held in trust on behalf of the selling shareholders were dealt with as follows:

i) 63,000 shares were released, and
ii) 7,000 shares were forfeited in exchange for cash consideration of $140,000.

The shares held in trust were considered deferred stock-based compensation and expensed in accordance with FASB ASC 718, ratably over the period in which the shares vested. As a result of entering into the Termination Agreement, the Company recognized the remaining deferred compensation as an expense in the amount of $872,375 on March 1, 2013 and recorded the $140,000 paid in cash as a decrease of additional paid-in capital.

3. Investment in AmberWorks LLC

AmberWorks had a net (income) loss of $(216) and $30,780, for the six months ended June 30, 2014 and 2013, respectively. Sinoven's share of the net (income) loss amounted to $(108) and $15,390 for those periods, respectively.

AmberWorks had a net (income) loss of $(324) and $102, for the three months ended June 30, 2014 and 2013, respectively. Sinoven's share of the net (income) loss amounted to $(162) and $51 for those periods, respectively.

AmberWorks had total assets of $70,282 and $1,420,066 and total liabilities of nil as of June 30, 2014 and December 31, 2013, respectively. Sinoven's share of net assets amounted to $35,141 and $710,033 as of those periods, respectively.

On May 6, 2014, AmberWorks proceeded to a capital distribution totaling $1,350,000, to Sinoven and NatureWorks LLC, both 50% holders of the joint venture, in proportion of their respective investments in the joint venture. This distribution was in the form of cash and was recorded as a reduction of investment.

4. Inventories and Prepaid expenses and deposits

The Company had $4.0 million and $2.4 million of finished goods inventory as of June 30, 2014 and December 31, 2013, respectively, net of an inventory reserve of $1.6 million and nil, as of June 30, 2014 and December 31, 2013, respectively.

The Company had $3.6 million and $5.1 million of prepaid expenses and deposits as of June 30, 2014 and December 31, 2013, respectively, which was comprised primarily of deposits made to secure the purchase of equipment and advances for the construction of the manufacturing facility in Sarnia, Ontario.

5. Property and equipment

	Estimated Useful Life (years)	June 30, 2014	December 31, 2013
		$	$
Land		315,679	316,689
Furniture and fixtures	5 - 8	90,204	80,081
Machinery and equipment	5 - 15	750,598	747,549
Computers, office equipment and peripherals	3 - 7	406,108	238,143
Construction in-progress		50,103,925	16,784,763
Grants applied to construction in-progress		(5,116,436)	(4,338,168)
		46,550,078	13,829,057
Less: accumulated depreciation		(393,976)	(274,778)
Property and equipment, net		46,156,102	13,554,279

Depreciation expense is recorded as an operating expense in the consolidated statements of operations and amounted to $119,583 and $70,198 for the six months ended June 30, 2014 and 2013, respectively and to $59,909 and $38,926 for the three months ended June 30, 2014 and 2013, respectively.

6. Intangible assets

	June 30, 2014	December 2013
	$	$
Intellectual property, patents and licenses:		
Beginning balance	4,878,813	12,644,197
Write-off of patents and completed IPR&D	—	(7,785,384)
	4,878,813	4,878,813

Foreign currency translation adjustment	(350,074)	(350,074)
	4,528,739	4,528,739
Less: accumulated amortization	(4,528,739)	(4,528,739)
Intellectual property, patents and licenses, net	—	—
Acquired in-process research and development	4,158,550	4,158,550
Computer software and licenses	68,961	—
Intangible assets, net	4,227,511	4,158,550

Amortization expense is recorded as an operating expense in the consolidated statements of operations and amounted to nil and $1,001,967 for the six months ended June 30, 2014 and 2013, respectively and to nil and $500,061 for the three months ended June 30, 2014 and 2013, respectively.

7. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consisted of the following:

	June 30, 2014 $	December 31, 2013 $
Trade accounts payable	9,648,276	4,020,205
Accrued payroll and bonus	1,574,804	2,291,369
Consulting and legal fees	286,995	203,958
Other	940,498	565,939
Total	12,450,573	7,081,471

8. Long-term debt

Project Financing

The Company entered into the following facilities to fund the construction of the manufacturing facility in Sarnia, Ontario:

i) Sustainable Jobs and Investment Fund (“SJIF”)

On September 30, 2011, BioAmber Sarnia Inc. (“BioAmber Sarnia”) and the Minister of Economic Development and Trade of Ontario, Canada (Sustainable Jobs Innovation Fund) entered into an agreement pursuant to which a loan in the amount of CAD$15,000,000, or $14,058,000 when converted into U.S. dollars as of June 30, 2014, was granted to BioAmber Sarnia, according to the following principal terms:

the loan is interest free during the first five years provided BioAmber Sarnia creates or retains an average of 31 jobs per year, calculated on an annual basis;

the loan will bear interest from the fifth anniversary date of its disbursement at an annual rate of 3.98% (or 5.98% if BioAmber Sarnia does not fully achieve the cumulative job target for the first five years);

the principal will be repayable in five annual equal installments from the sixth anniversary date of the disbursement of the loan;

the loan is secured by a guarantee from BioAmber and Mitsui & Co., Ltd., the non-controlling shareholder of BioAmber Sarnia (the guarantee being limited to its percentage of ownership held in BioAmber Sarnia); and

the loan is secured by (i) a general security agreement representing a valid charge on BioAmber Sarnia’s present and future accounts receivable, inventory, equipment and other personal property and (ii) a valid charge against the leasehold interest on the portion of the real property located in Sarnia Ontario, Canada and leased to BioAmber Sarnia.

During March 2013, BioAmber Sarnia received the first disbursement of CAD$929,000, or $871,133 when converted into U.S. dollars as of June 30, 2014. The loan was originally recorded at $466,847 when converted into U.S. dollars as of June 30, 2014, being the discounted amount of the future cash payments of principal and interest over the term of the loan. The discount rate used was 15%, being the interest rate a loan with similar terms and conditions would carry.

The difference between the face value of the loan and the discounted amount of the loan of $404,286 when converted into U.S. dollars as of June 30, 2014 was recorded as a short-term deferred grant and subsequently reclassified to reduce the cost of construction in-progress.

The discounted loan is being accreted to its face value through a charge in the consolidated statement of operations using the effective interest method over the term of the loan.

ii) Sustainable Chemistry Alliance ("SCA")

In November 2011, BioAmber Sarnia entered into a loan agreement with SCA in the amount of CAD$500,000, or $468,600 when converted into U.S. dollars as of June 30, 2014. The loan was interest free until November 30, 2013, and the unpaid balance of the loan subsequently bears interest at the rate of 5% per annum compounded monthly. The principal repayment will be effected by way of 20 consecutive quarterly installments of CAD$25,000 from November 2015 to November 2020. The loan agreement contains various legal and financial covenants including i) third party credit facilities which cannot exceed $45 million in the aggregate as long as any principal of the loan remains outstanding, ii) the funds are to be used for research and development expenses only and iii) dividends may not be declared or paid without the consent of the lender.

The loan was originally recorded at $243,088 when converted into U.S. dollars as of June 30, 2014, being the discounted amount of the future cash payments of principal and interest over the term of the loan. The discount rate used was 15%, being the interest rate a loan with similar terms and conditions would carry.

The difference between the face value of the loan and the discounted amount of the loan of $225,512 was recorded as a deferred grant (see Note 9).

The discounted loan is being accreted to its face value through a charge in the consolidated statement of operations using the effective interest method over the term of the loan.

iii) Federal Economic Development Agency ("FEDDEV")
On September 30, 2011, BioAmber Sarnia and FEDDEV entered into a contribution agreement pursuant to which a loan of up to a maximum amount of CAD$12,000,000 or $11,246,400 when converted into U.S. dollars as of June 30, 2014, was granted to BioAmber Sarnia. The loan is non-interest bearing with repayment of principal from October 2013 to October 2018 in 60 monthly installments. The repayment terms were later modified as described below.

The loan agreement contains various legal and financial covenants ordinarily found in such government agency loan agreements. In addition the following specific covenants also apply:

(a) the Company will carry appropriate amounts of liability and casualty insurance during the duration of the loan agreement;
(b) the Company will file for and obtain all necessary permits and licenses from all required jurisdictional authorities in order to build the facility;
(c) the Company will not alter the project nor project management without prior written consent of the Minister;
(d) the Company will complete the project to the Minister's satisfaction by the completion date; and
(e) the Company will not allow change of control without prior written consent of the Minister.

These covenants were met as of June 30, 2014.

During October 2012, BioAmber Sarnia received the first disbursement for CAD$3,645,000 or $3,416,055 when converted into U.S. dollars as of June 30, 2014. The loan was originally recorded at $2,087,541 when converted into U.S. dollars as of June 30, 2014, being the discounted amount of the future cash payments of principal and interest over the term of the loan. The discount rate used was 15%, being the interest rate a loan with similar terms and conditions would carry. The difference between the face value of the loan and the discounted amount of the loan of $1,328,514 when converted into U.S. dollars as of June 30, 2014 was recorded as a deferred grant and subsequently reclassified to reduce the cost of construction in progress.

During January 2013, BioAmber Sarnia received a second disbursement for CAD$221,000, or $207,487 when converted into U.S. dollars as of June 30, 2014. The loan was originally recorded at $133,254 when converted into U.S. dollars as of June 30, 2014, being the discounted amount of the future cash payments of principal and interest over the term of the loan. The discount rate used was 15%, being the interest rate a loan with similar terms and conditions would carry. The difference between the face value of the loan and the discounted amount of the loan of $74,233 when converted into U.S. dollars as of June 30, 2014 was recorded as a deferred grant and subsequently reclassified to reduce the cost of construction in progress.

On March 20, 2013, the Company agreed with FEDDEV to amend the repayment of principal from the period October 2013 to October 2018, to the period October 2014 to October 2019. The Company recorded the impact of the amendment in accordance with FASB ASC 470-50, Debt Modifications and Extinguishments. Accordingly, the amendment was recorded as a debt extinguishment and the issuance of new debt, with new terms. As a result, the Company recognized a gain on debt extinguishment of $314,305.

During December 2013, BioAmber Sarnia received a third disbursement for CAD$1,882,700, or $1,764,469 when converted into U.S. dollars as of June 30, 2014. The loan was originally recorded at $1,105,387 when converted into U.S. dollars as of June 30, 2014, being the discounted amount of the future cash payments of principal and interest over the term of the loan. The discount rate used was 15%, being the interest rate a loan with similar terms and conditions would carry. The difference between the face value of the loan and the discounted amount of the loan of $659,082 when converted into U.S. dollars as of June 30, 2014 was recorded as a deferred grant and subsequently reclassified to reduce the cost of construction in progress.

During June 2014, BioAmber Sarnia received a fourth disbursement for CAD$3,183,200, or $2,983,329 when converted into U.S. dollars as of June 30, 2014. The loan was originally recorded at $2,191,218 when converted into U.S. dollars as of June 30, 2014, being the discounted amount of the future cash payments of principal and interest over the term of the loan. The discount rate used was 12%, being the interest rate a loan with similar terms and conditions would carry.

The difference between the face value of the loan and the discounted amount of the loan of $792,111 when converted into U.S. dollars as of June 30, 2014 was recorded as a grant classified in reduction of the cost of construction in progress.

The discounted loan is being accreted to its face value through a charge in the consolidated statement of operations using the effective interest method over the term of the loan

iv) Hercules Technology Growth Capital, Inc. (“HTGC”)

On June 27, 2013, the Company entered into a Loan and Security Agreement (the “Loan Agreement”) with HTGC. Pursuant to the Loan Agreement, HTGC agreed to make a senior secured term loan of $25 million, which was funded on June 27, 2013, net of a 2.5% loan fee. The term loan is repayable over 36 months after closing, at a floating interest rate per annum based on the greater of (a) 10% and (b) the prime rate (as reported in the Wall Street Journal) plus 6.75% and is subject to an end of term charge of 11.5% based on the $25 million loaned amount ($2,875,000). There was an initial interest-only period until January 1, 2014, to be extended until July 1, 2014 in the event that the Company received an additional equity contribution by its joint venture partner of at least $1.5 million relating to its planned Sarnia facility by December 31, 2013, which was subsequently extended to January 31, 2014 pursuant to an amendment dated December 20, 2013. On January 24, 2014, the Company received the additional equity contribution from Mitsui of CAD $9 million, and fulfilled the condition to extend the initial interest-only period until July 1, 2014.

At its option, the Company may prepay some or all of the loan balance, subject to a prepayment fee equal to 2% of the amount prepaid during the first 12 months after closing, 1% after 12 months but prior to 24 months after closing, and without prepayment fee thereafter. In addition, the Company is obligated to pay an end of term charge (as referenced above) in the amount of $2,875,000 on the date on which the term loan is paid or becomes due and payable in full, which is being accreted over the expected term of the loan.

As of June 30, 2014, the balance of deferred financing cost associated with this transaction was $537,607 and is being amortized over the estimated term of the loan using the effective interest method.

The loan obligation is secured by a security interest on substantially all of the Company’s assets (subject to certain exceptions), including its intellectual property, but excluding certain licenses from third parties and its equity interest in its subsidiary, BioAmber Sarnia. The security interest does not apply to any assets owned by BioAmber Sarnia, the entity that will own the Company’s planned Sarnia, Ontario manufacturing facility.

The Loan Agreement contains certain representations and warranties, affirmative covenants, negative covenants and conditions that are customarily required for similar financings. The Loan Agreement also contains customary events of default (subject, in certain instances, to specified grace periods) including, but not limited to, the failure to make payments of interest or premium, if any, on, or principal under the loan, the failure to comply with certain covenants and agreements specified in the Loan Agreement, the occurrence of a material adverse effect, defaults in respect of certain other indebtedness, and certain events of insolvency. The Company must maintain at least $10 million in unrestricted cash as long as the loan remains outstanding. If the Company makes investments into BioAmber Sarnia in an amount exceeding $15 million per quarter, or an aggregate amount exceeding $50 million during the term of the loan, the Company is required to maintain an amount not less than the lesser of (a) $20 million and (b) the then outstanding principal balance of the term loan, in unrestricted cash through the period ending December 31, 2014 at which time, under the terms of the Loan Agreement, the planned Sarnia facility must be mechanically complete. If any event of default occurs, the principal, premium, if any (including the end of term fee referenced above), interest and any other monetary obligations on all the then outstanding amounts under the loan may become due and payable immediately. These covenants were met as of June 30, 2014.

v) Minister of Agriculture and Agri-Food of Canada

On March 10, 2014, BioAmber Sarnia entered into a repayable contribution agreement in the form of a non-interest bearing loan with the Minister of Agriculture and Agri-Food of Canada in the amount of CAD$10 million for the AgriInnovation Program. This loan provides for progressive disbursements as eligible costs are incurred for building construction, installation of equipment and start-up and commissioning of the Sarnia facility. The loan is repayable in equal, monthly installments beginning March 31, 2016 through March 31, 2025 and it contains various legal and financial covenants ordinarily found in such government agency loan agreements. No payments were received as of June 30, 2014.

vi) Comerica Bank, Export Development Canada and Farm Credit Canada

On June 20, 2014, BioAmber Sarnia signed a loan agreement with a financial consortium, comprised of Export Development Canada, Farm Credit Canada and Comerica Bank, for a senior secured loan in the principal amount of CAD$20.0 million. The loan will bear interest at a floating interest rate per annum based on the greater of (i) the Canadian prime rate and (ii) the Canadian dealer offered rate plus 1%, in either case plus an interest spread of 5%. There will be an initial interest-only period from draw down of the term loan until the first payment of principal. The loan's principal will be repaid in 26 equal, quarterly installments beginning three months after the completion of the commissioning and start-up phase of the Sarnia plant, but at the latest on June 30, 2015. The disbursement of the loan, net of a 2.5% upfront loan fee which is due and payable 30 days after the date of the agreement, is subject to customary conditions, including continued progress on the construction of the Sarnia plant, which are expected to be met in or around December 2014. The 2.5% upfront fee of CAD$500,000, or $468,600 when converted into U.S. dollars as of June 30, 2014, was recorded as deferred financing costs and will be amortized over the estimated term of the loan using the effective interest method. Until drawdown of the CAD$20.0 million term loan, BioAmber Sarnia will pay a 1.0% per annum commitment fee on the undrawn amount. BioAmber Sarnia may prepay all or a portion of the loan outstanding from and after the date of the first principal repayment, without penalty.

BioAmber Sarnia’s obligations under the loan are secured by (i) a security interest on all of BioAmber Sarnia’s assets and (ii) a pledge of all the shares of BioAmber Sarnia. In addition, we will provide the lenders with a guarantee representing 70% of the secured obligations under the loan, and Mitsui & Co., Ltd. will provide a guarantee representing 30% of the secured obligations under the loan that is capped at CAD$6.0 million plus all accrued interest on the secured obligations and fees and expenses. The proceeds of the loan will be used by BioAmber Sarnia to complete the ongoing construction of the Sarnia Plant and fund its startup and commissioning.

The loan agreement contains certain representations and warranties, affirmative covenants, negative covenants and conditions that are customarily required for similar financings, including in connection with the disbursement of the loan. The financial covenants require BioAmber Sarnia to maintain a minimum debt service ratio of 1.75 on a historical basis, at the end of any and each quarter during the term of the loan. The agreement also contains customary events of default (subject, in certain instances, to specified grace periods) including, but not limited to, the failure to make payments of interest or premium, if any, on, or principal under the loan, the failure to comply with certain covenants and agreements specified in the agreement, the occurrence of a material adverse effect, defaults in respect of certain other indebtedness and agreements, and certain events of insolvency. If an event of default occurs, the principal, premium, if any, interest and any other monetary obligations on all the then outstanding amounts under the loan may become due and payable immediately.

The balance of the outstanding long-term debt is as follows:

	June 30, 2014 $	December 31, 2013 $
Sustainable Chemistry Alliance:		
Face value (CAD $500,000)	468,600	470,100
Less: debt discount	(225,512)	(226,234)
Amortization of debt discount	95,367	83,344
	338,455	327,210
Sustainable Jobs and Investment Fund:		
Face value (CAD $929,000)	871,133	873,922
Less: debt discount	(404,286)	(405,580)
Amortization of debt discount	95,623	55,401
	562,470	523,743
Federal Economic Development Agency:		
Face value (CAD $8,931,900)	8,371,340	5,405,259

Less: debt discount	(2,853,940)	(2,068,429)
Less: short-term portion of debt	(1,255,701)	(270,263)
Gain on debt extinguishment	(298,893)	(299,852)
Amortization of debt discount	609,339	349,254
	4,572,145	3,115,969
Hercules Technology Growth Capital, Inc.:		
Face value (US $25,000,000)	25,000,000	25,000,000
Less: short-term portion of debt	(11,848,184)	(6,250,000)
Less: End of term charge	967,069	492,707
	14,118,885	19,242,707
Long-term debt, net	19,591,955	23,209,629

17

The principal repayments of the outstanding loans payable are as follows:

	SCA	SJIF	FEDDEV	HTGC	Total
	$	$	$	$	$
July 2014 - June 2015	—	—	1,255,701	11,848,184	13,103,885
July 2015 - June 2016	46,860	—	1,674,268	13,151,816	14,872,944
July 2016 - June 2017	93,720	—	1,674,268	—	1,767,988
July 2017 - June 2018	93,720	—	1,674,268	—	1,767,988
June 2018 and thereafter	234,300	871,133	2,092,835	—	3,198,268
Total	468,600	871,133	8,371,340	25,000,000	34,711,073

9. Deferred Grants

As of June 30, 2014, the Company has the following deferred grants:

a) Sustainable Development Technology Canada ("SDTC")

Grant from Sustainable Development Technology Canada to BioAmber Sarnia in the amount of CAD$7,500,000, or $6,784,500 when converted into U.S. dollars as of June 30, 2014, with progressive disbursements according to the terms of the agreement and milestones, as follows:

i) Detailed Engineering Package, Construction and Procurement. The Company fulfilled this Milestone in October 2012.
ii) Procurement of Equipment and Construction of the manufacturing facility, expected to be prior to December 2014.
iii) Commissioning, Start-up and Optimization of the manufacturing facility, expected to be prior to March 31, 2015.

The grant is non-reimbursable by BioAmber Sarnia except upon the occurrence of certain events of default defined in the agreement.

An advance on Milestone I of CAD$1,982,726, or $1,858,210 when converted into U.S. dollars as of June 30, 2014, was received in December 2011 (net of 10% holdback) and was originally recorded as deferred grant. During October 2012, Milestone I was fulfilled and as a result BioAmber Sarnia received an additional amount of CAD$3,015,000, or $2,825,658 when converted into U.S. dollars as of June 30, 2014, as advance on Milestone II. Accordingly, the advance on Milestone I was reclassified from deferred grants reducing the cost of construction in-progress, whereas the advance in Milestone II has been recorded as a deferred grant and will be reclassified as a reduction of such expenses as they are incurred in the future.

b) Sustainable Chemistry Alliance ("SCA")

The loan received from SCA is to be used primarily for maintenance and operation of the Company's facility, staff salaries and commercialization costs. As the loan bears a below market interest rate, it has been recorded at a discount and a portion of the proceeds has been recorded as a deferred grant. The expenses for which the loan was received have not yet been incurred as of June 30, 2014, but are expected to be incurred during the next year. Accordingly, the grant portion of the loan in the amount of $225,512 when converted into U.S. dollars as of June 30, 2014, has been deferred and will be reclassified as a reduction of such expenses as they are incurred in the future.

The balance of the outstanding current liability deferred grant is as follows:

	June 30, 2014	December 31, 2013
	$	$
SDTC	2,825,860	2,834,906
SCA	225,512	226,234
Total	3,051,372	3,061,140

10. Financial charges (income)

	Three Months ended June 30, 2014	2013	Six Months ended June 30, 2014	2013	Cumulative from inception to June 30, 2014
	$	$	$	$	$
End of term charge on long-term debt (Note 8)	238,492	—	474,362	—	967,069
Interest on long-term debt	631,944	—	1,256,944	—	2,562,500
Revaluation of the warrants financial liability (Note 13)	3,040,000	(11,748,000)	14,640,000	(11,748,000)	4,332,000
Issuance of the warrants financial liability	—	1,131,200	—	1,131,200	1,131,200
Increase in estimated fair value of shares to be issued to					
the non-controlling shareholders of SBI	—	—	—	—	3,215,100
Accreted interest on convertible notes	—	—	—	—	1,855,755
Bridge loan financing charge	—	—	—	—	572,080
Interest revenue	(39,637)	—	(147,786)	—	(202,358)
Total financial charges (income), net	3,870,799	(10,616,800)	16,223,520	(10,616,800)	14,433,346

11. Commitments and contingencies

Leases

The Company leases its premises and other assets under various operating leases. Future lease payments aggregate $1,062,636 as at December 31, 2013 and include the following future amounts payable on a twelve month basis:

	December 31, 2013
	$
2014	489,997
2015	433,744
2016	138,895
2017 and thereafter	—

Royalties

The Company has entered into exclusive license agreements that provide for the payment of royalties in the form of up-front payments, minimum annual royalties, and milestone payments. The Company has the right to convert such exclusive agreements into non-exclusive agreements without the right to sublicense and without the obligation to pay minimum royalties. As of December 31, 2013, the Company has commitments related to royalty payments as follows:

	December 31, 2013
	$
2014	601,824
2015	597,667
2016	593,500
2017	722,667
2018 and thereafter	7,688,667

The Company has such contractual agreements with the following partners: Cargill Inc., DuPont, Michigan State University, UT-Batelle on behalf of the U.S. National Laboratories and the U.S. DOE, Celexion LLC, University of Guelph, Gene Bridges GmbH, the University of North Dakota and the National Research Council of Canada in partnership with the INRS University.

The royalties which the Company owes are in return for the use or development of proprietary tools, patents and know-how and the actual expenses incurred amounted to a total of $317,307 and $ 691,442 for the six months ended June 30, 2014 and 2013, respectively, and to a total of $135,224 and $ 348,028 for the three months ended June 30, 2014 and 2013, respectively, and are included in research and development expenses in the consolidated statements of operations.

Purchase Obligations

BioAmber Sarnia has entered into a steam supply agreement with LANXESS Inc., under which, BioAmber Sarnia has agreed to pay a Monthly Take or Pay fee during the term of the contract, which will vary upon the natural gas price index. BioAmber Sarnia has also entered into a service agreement with LANXESS Inc. under which minimum yearly payments are required. As of December 31, 2013, BioAmber Sarnia has commitments related to purchase obligations and service payments as follows:

	December 31, 2013
	$
2014	642,000
2015	1,608,914
2016	3,022,829
2017	3,315,612
2018 and thereafter	17,804,060

No payments were made during the six and three months ended June 30, 2014 under those agreements.

Litigation

As of June 30, 2014 there were no outstanding claims or litigations.

12. Redeemable non-controlling interest

On January 24, 2014, the Company signed an amended and restated joint venture agreement (the “Amended JV Agreement”) with Mitsui & Co. Ltd. related to the Sarnia joint venture. Under the Amended JV Agreement, Mitsui invested an additional $8.1 million (CAD$9 million) of equity on January 29, 2014 in BioAmber Sarnia to maintain its 30% ownership. The Amended JV Agreement also revised each party’s rights and obligations under the buy/sell provisions of the Agreement, including a put option exercisable at Mitsui’s sole discretion that requires the Company to purchase Mitsui’s equity for a purchase price of 50% of Mitsui’s equity in the joint venture. This option remains in effect until December 31, 2018. As a result of the Amended JV Agreement, the Company’s previously recorded non-controlling interest in BioAmber Sarnia joint venture of $2.1 million as at December 31, 2013 in shareholders’ equity on the consolidated balance sheet, was re-classified to redeemable non-controlling interest in temporary equity on the Company’s consolidated balance sheets, at the greater of the carrying value or the redemption value, in accordance with FASB ASC 480-10-S99. As of June 30, 2014, the estimated redemption value of the redeemable non-controlling interest was $5.5 million. The following table reflects the activity of the redeemable non-controlling interest:

Balance, January 1, 2014	—
Reclassification of non-controlling interest to redeemable non-controlling interest	2,125,925
Mitsui’s additional capital contribution	8,120,700
Net loss attributable to non-controlling interest (NCI)	(193,575)

Accumulated other comprehensive income attributable to NCI	100,361
Balance, June 30, 2014	10,153,411

13. Share capital

On April 10, 2013, the Company’s board of directors approved a 35-for-1 forward stock split of the Company’s outstanding common stock, with a post-split par value of $0.01 per share of common stock, which became effective May 2, 2013, upon the filing of the Company’s amended and restated certificate of incorporation. All share and per share information in the accompanying consolidated financial statements and related notes have been retroactively adjusted to reflect the stock split for all periods presented.

Authorized

The Company was authorized to issue from the date of inception to April 13, 2011, 9,310,000 shares of common stock and 1,190,000 preferred shares, issuable in series, each with a par value of $0.01 per share.

On April 14, 2011, the Company’s board of directors resolved (i) to increase the total number of authorized shares of common stock to 17,500,000 and (ii) to eliminate the authorization for issuance of preferred shares.

On May 1, 2013, the Company's board of directors resolved (i) to increase the total number of authorized shares of common stock to 250,000,000, and (ii) to authorize to issue 5,000,000 shares of undesignated preferred shares, which became effective May 2, 2013, upon the filing of the Company's amended and restated certificate of incorporation.

Common stock—dividends and voting rights

Each share entitles the record holders thereof to one vote per share on all matters on which shareholders shall have the right to vote. The holders of shares shall be entitled to such dividends, if any, as may be declared thereon by the Company's board of directors at its sole discretion.

Preferred stock—dividends and voting rights

Holders of Series A preferred stock were entitled to dividends and votes on the same basis as the common stock, and had a liquidation preference of $2.72 per share. In addition, the Series A participating convertible stock was convertible, at the option of the holders, into shares of common stock on a one-to-one basis. As of September 30, 2010 all shares of preferred stock had been converted into shares of common stock.

Liquidation, dissolution and winding up rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of shares of common stock shall be entitled to receive all of the remaining assets of the Company available for distribution to its shareholders, ratably in proportion to the number of shares held by them.

Initial Public Offering

On May 9, 2013, the Company completed an initial public offering ("IPO") of 8,000,000 units, each unit consisting of one share of common stock and one warrant to purchase half of one share of common stock, at a price of $10.00 per unit. Each warrant is exercisable during the period commencing on August 8, 2013 and ending on May 9, 2017 at an exercise price of $11.00 per whole share of common stock.

The Company received approximately $71.7 million in net proceeds from the IPO, net of fees, expenses and underwriting discounts of $8.3 million, of which $1.1 million was allocated to the warrants and recorded as financial charges in the Consolidated Statements of Operations.

The units began trading on the New York Stock Exchange on May 10, 2013 under the symbol BIOA.U. On June 10, 2013, the common shares began trading on the New York Stock Exchange separately under the symbol BIOA and the warrants began trading on the New York Stock Exchange separately under the symbol BIOA.WS and the trading of the units was suspended and they were de-listed.

Warrants financial liability

The warrants issued upon the completion of the IPO, are exercisable during the period beginning on August 8, 2013 and ending on May 9, 2017. The warrants contain full ratchet, anti-dilution protection upon the issuance of any common stock, securities convertible into common stock, or certain other issuances at a price below the then-existing exercise price of the warrant, with certain exceptions. The exercise price of $11.00 per whole share of common stock is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock issuances or other similar events affecting the company's common stock. At issuance, the fair value of the warrants was classified as a financial liability as a result of their characteristics, in accordance with FASB ASC 815.

The fair value of the warrants was determined to be $2.02 per warrant using the Black-Scholes option pricing model using the following assumptions:

Risk free interest rate	0.54	%
Expected life	4 years	
Volatility	56.06	%
Expected dividend yield	0	%
Forfeiture rate	0	%

21

Accordingly, a liability of $16.1 million was recorded at the unit issuance date. On June 30, 2014, the closing value of the warrant on the New York Stock Exchange, a level 1 fair value measure, was $2.56 per warrant, as compared to $0.73 per warrant on December 31, 2013. As a result, the liability was revalued at the balance sheet date resulting in a financial charge of $14.6 million and $3.0 million for the six and three months ended June 30, 2014, respectively.

Private placement—period ended December 31, 2012

On February 6, 2012, the Company completed a private placement for gross proceeds of $9,999,910, pursuant to which 351,050 shares of common stock were issued at a price per share of $28.49.

Share issue costs incurred amounted to $22,254 consisting principally of legal fees.

Private placements—period ended December 31, 2011

On April 15, 2011, the Company completed a private placement for gross proceeds of approximately $45,000,000, pursuant to which 4,266,640 shares of common stock were issued at a price per share of $10.55. The private placement consisted of the following:

Issuance of 379,155 shares of common stock resulting from the conversion of $3,998,893 in unsecured convertible notes;
Issuance of 3,887,485 shares of common stock for gross cash proceeds of $41,000,749; and
Issuance of 94,745 warrants with fair value of $810,448 recorded as a financial charge. Each warrant expires 10 years from the warrant issue date and entitles the holder to purchase one share of common stock at a price of $10.55 per share. The fair value of the warrants was determined using the Black-Scholes option pricing model using the following assumptions:

Risk-free interest rate	2.62	%
Expected life	10 years	
Volatility	78.25	%
Expected dividend yield	0	%

Share issue costs incurred amounted to approximately $240,000 consisting principally of legal fees, of which $231,374 was allocated to the share issuance and $8,626 were allocated to the conversion of the unsecured convertible note.

On November 4, 2011 the Company completed a private placement for gross proceeds of approximately $20,000,817, pursuant to which 702,135 shares of common stock were issued at a price per share of $28.49.

Share issue costs incurred amounted to $31,230 consisting principally of legal fees.

Private placement—period ended June 30, 2010

In October 2009, the Company completed a private placement for gross proceeds of approximately $12,000,000, pursuant to which 2,089,570 shares of common stock were issued at a price of $5.74 per share as follows:

Conversion of a secured convertible note, for a total amount of $4,000,000, into 696,500 shares of common stock, at $5.74 per share price totaling $3,999,900. The remaining $100 was forgiven;

Issuance of 1,393,070 shares of common stock for gross cash proceeds of $8,000,102; and

Issuance of 66,185 warrants as broker fees with a fair value of $244,373. Each warrant expires five years from the warrant issue date and entitles the holder to purchase one share of common stock at a price of $5.74 per share. The fair value of the warrants was determined using the Black-Scholes option pricing model, using the following assumptions:

Risk-free interest rate	2.62	%
Expected life	5 years	
Volatility	78.25	%
Expected dividend yield	0	%

In October 2009, as part of the private placement transaction, all outstanding issued preferred stock were converted into 1,177,925 shares of common stock.

22

Share issue costs incurred amounted to $589,854 consisting principally of legal fees and commissions.

Stock option plan

On December 8, 2008, the Company's board of directors approved the Company's Employee Stock Option Plan (the "Plan"), available to certain employees, outside directors and consultants of the Company and its affiliated companies. The options under the Plan are granted for the purchase of common stock at exercise prices determined by the Company's board of directors and generally vest two, three and four years from the date of grant and expire in 10 years. The total number of options allowable in the plan is 2,121,000, of which 974,750 were approved under the initial plan, 1,050,000 were approved by the Company's board of directors on June 27, 2011 and 96,250 were approved by the Company's board of directors on December 6, 2011.

On April 10, 2013, the Company's board of directors adopted the 2013 Stock Option and Incentive Plan, or the 2013 Plan, which was subsequently approved by the stockholders on May 2, 2013. The 2013 Plan replaced the 2008 Plan, as the Company's board of directors has determined not to make additional awards under that plan. The 2013 Plan provides flexibility to the compensation committee to use various equity-based incentive awards as compensation tools to motivate its workforce.

The Company initially reserved 2,761,922 shares of its common stock for the issuance of awards under the 2013 Plan. The 2013 Plan may also provide that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning in 2014, by 3% of the outstanding number of shares of common stock on the immediately preceding December 31. This number is subject to adjustment in the event of a stock split, stock dividend or other changes in the Company's capitalization.

The 2013 Plan is administered by the Company's board of directors or the compensation committee of the board of directors (the "Administrator"). The Administrator has full power to select, from among the individuals eligible for awards, the individuals to whom awards will be granted, to make any combination of awards to participants, and to determine the specific terms and conditions of each award, subject to the provisions of the 2013 Plan. Persons eligible to participate in the 2013 Plan are those full or part-time officers, employees, non-employee directors and other key persons (including consultants and prospective officers) of the Company and its subsidiaries as selected from time to time by the Administrator in its discretion.

The 2013 Plan permits the granting of (1) options to purchase common stock intended to qualify as incentive stock options under Section 422 of the Code and (2) options that do not so qualify. The exercise price of each option will be determined by the Administrator but may not be less than 100% of the fair market value of the common stock on the date of grant. The term of each option will be fixed by the Administrator and may not exceed ten years from the date of grant. The Administrator will determine at what time or times each option may be exercised.

The Administrator may award stock appreciation rights, restricted shares of common stock, restricted stock units and may also grant shares of common stock which are free from any restrictions under the 2013 Plan. The Administrator may grant performance share awards to any participant, which entitle the recipient to receive shares of common stock upon the achievement of certain performance goals and such other conditions as the Administrator shall determine. The Administrator may grant dividend equivalent rights to participants which entitle the recipient to receive credits for dividends that would be paid if the recipient had held specified shares of common stock.

The 2013 Plan provides that upon the effectiveness of a "sale event" as defined in the 2013 Plan, except as otherwise provided by the Administrator in the award agreement, all stock options and stock appreciation rights will automatically become fully exercisable and the restrictions and conditions on all other awards with time-based conditions will automatically be deemed waived, unless the parties to the sale event agree that such awards will be assumed or continued by the successor entity.

No other awards may be granted under the 2013 Plan after the date that is ten years from the date of stockholder approval.

Stock-based compensation expense was allocated as follows:

	Three Months ended June 30, 2014	2013	Six Months ended June 30, 2014	2013	Cumulative from inception to June 30, 2014
	$	$	$	$	$
General and administrative	796,215	528,644	1,460,237	1,287,844	8,301,070
Research and development	1,583,261	956,156	2,230,786	2,410,080	12,163,258
Sales and marketing	658,484	574,424	830,618	778,667	3,428,198
Total compensation expense	3,037,960	2,059,224	4,521,641	4,476,591	23,892,526

The following table summarizes activity under the Plan:

	Three Months ended				Six Months ended			
	June 30, 2014		June 30, 2013		June 30, 2014		June 30, 2013	
	Number of options	Weighted Average Exercise price $	Number of options	Weighted Average Exercise price $	Number of options	Weighted Average Exercise price $	Number of options	Weighted Average Exercise price $
Options outstanding, beginning of period	4,342,841	8.49	2,061,500	10.80	4,329,560	8.46	2,072,000	10.89
Granted	125,901	10.27	248,716	10.55	185,901	10.84		