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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of The Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported):**

August 1, 2019

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**Otonomy, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-36591**  
(Commission  
File Number)

**26-2590070**  
(IRS Employer  
Identification No.)

**4796 Executive Drive**  
**San Diego, CA 92121**  
(Address of principal executive offices, including zip code)

**(619) 323-2200**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.001 per share	OTIC	The NASDAQ Stock Market LLC (The NASDAQ Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On August 1, 2019, Otonomy, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter ended June 30, 2019. The full text of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

All of the information furnished in this Item 2.02 and Item 9.01 (including Exhibit 99.1) shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated August 1, 2019</a>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**OTONOMY, INC.**

Date: August 1, 2019

By: /s/ Paul E. Cayer  
Paul E. Cayer  
Chief Financial and Business Officer



**FOR IMMEDIATE RELEASE**

**Otonomy Reports Second Quarter 2019 Financial Results and Provides Corporate Update**

- *Clinical-stage programs on track with results expected from three trials in 2020*
- *Current capital funds operations into 2021*

*Conference call and webcast today at 4:30 p.m. EDT*

**SAN DIEGO, August 1, 2019** -- Otonomy, Inc. (NASDAQ: OTIC), a biopharmaceutical company dedicated to the development of innovative therapeutics for neurotology, today reported financial results for the quarter ended June 30, 2019 and provided an update on its product pipeline and corporate activities. The company will host a conference call and webcast today at 4:30 p.m. EDT to discuss recent highlights and financial results.

"We are on track in executing our business plan and focused on reporting clinical results from three trials in 2020 -- the Phase 3 trial of OTIVIDEX in Ménière's disease, the Phase 1/2 clinical trial of OTO-313 in tinnitus and the Phase 1/2 trial of OTO-413 in hearing loss," said David A. Weber, Ph.D., president and CEO of Otonomy. "We are also tracking to our financial plan and guidance that will enable our existing capital to fund operations through these three clinical trial results next year and into 2021."

**Product Pipeline Update**

- **OTIVIDEX™: Enrollment in Phase 3 Clinical Trial in Ménière's Disease is Ongoing with Results Expected in the First Half of 2020.** Otonomy has completed one successful Phase 3 trial and is conducting this additional pivotal trial to support a submission for U.S. registration of OTIVIDEX in Ménière's disease. The company plans to enroll approximately 160 patients in the United States and Europe.
  - **OTO-313: Enrollment in Phase 1/2 Clinical Trial in Tinnitus is Ongoing with Results Expected in the First Half of 2020.** In April, Otonomy initiated enrollment of the first patients in a Phase 1/2 clinical trial for OTO-313, a sustained-exposure formulation of the NMDA receptor antagonist gacyclidine, in tinnitus patients. The randomized, double-blind, placebo-controlled trial included an initial safety cohort, which has been successfully
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completed, followed by an exploratory efficacy study that is currently enrolling approximately 50 patients with tinnitus.

**OTO-413: Preparing to Initiate a Phase 1/2 Clinical Trial in Hearing Loss Patients in the Third Quarter of 2019.** OTO-413 is a sustained-exposure formulation of brain-derived neurotrophic factor (BDNF) in development for the repair of cochlear synaptopathy, an underlying cause of hearing loss. Otonomy is preparing to initiate a Phase 1/2 clinical trial in the third quarter of 2019 that will enroll approximately 40 patients with speech-in-noise hearing loss.

"Additionally, I would like to take this opportunity to express my best wishes to Dr. Kathie Bishop, chief scientific officer, who has resigned in order to join a former colleague in an early-stage venture," said Dr. Weber. "We appreciate the support that Kathie provided during the last two years as we positioned the company for our upcoming clinical milestones and look forward to her continued involvement as a scientific advisor."

#### **Anticipated Upcoming Milestones**

- In third quarter of 2019, initiate a Phase 1/2 clinical trial of OTO-413 in hearing loss patients.
- In first half of 2020, complete OTO-313 Phase 1/2 clinical trial.
- In first half of 2020, complete Phase 3 trial for OTIVIDEX in Ménière's disease.
- In second half of 2020, complete OTO-413 Phase 1/2 clinical trial.

#### **Second Quarter Financial Highlights**

- **Cash Position:** Cash, cash equivalents, and short-term investments totaled \$78.5 million as of June 30, 2019, compared to \$97.3 million as of December 31, 2018.
  - **Operating Expenses:** GAAP operating expenses were \$11.8 million for the second quarter of 2019, compared to \$13.8 million for the second quarter of 2018. Non-GAAP operating expenses, which exclude stock-based compensation, were \$10.6 million for the second quarter of 2019, compared to \$9.4 million for the second quarter of 2018.
  - **Research and Development Expenses:** GAAP research and development (R&D) expenses for the second quarter of 2019 were \$8.9 million, compared to \$8.2 million for the second quarter of 2018. A slight net increase in expenses for this quarter compared to a year ago resulted from an increase in expenses for the OTIVIDEX and OTO-313 clinical trials and OTO-413 nonclinical and manufacturing activities that were partially offset by a decrease in stock-based compensation.
  - **Selling, General and Administrative Expenses:** GAAP selling, general and administrative (SG&A) expenses in the second quarter of 2019 were \$2.9 million, compared to \$5.6 million for the second quarter of 2018. The decrease this quarter was primarily a result of reduced
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stock-based compensation expense together with OTIPRIO cost reimbursement received from our OTIPRIO co-promotion partners.

- **Financial Guidance:**

- **2019 Operating Expenses:** Otonomy expects that GAAP operating expenses will be in the range of \$55-\$60 million, and that non-GAAP operating expenses will be in the range of \$45-\$50 million.
- **2020 Operating Expenses:** Otonomy expects that operating expenses will be lower than 2019 as multiple clinical trials are completed.
- **Cash Runway:** Otonomy expects that its current cash, cash equivalents, and short term investments will be sufficient to fund the company through completion of the OTIVIDEX Phase 3 trial, OTO-313 Phase 1/2 trial, and OTO-413 Phase 1/2 trial in 2020, and will support company operations into 2021.

### **Webcast and Conference Call**

Otonomy management will host a webcast and conference call regarding this announcement at 4:30 p.m. EDT/1:30 p.m. PDT today. The live call may be accessed by dialing (877) 305-6769 for domestic callers and (678) 562-4239 for international callers with conference ID code number: 6634946. A live webcast of the call will be available online in the investor relations section of Otonomy's website at [www.otonomy.com](http://www.otonomy.com) and will be archived there for 30 days.

### **Non-GAAP Operating Expenses**

In this press release, Otonomy's operating expenses are provided in accordance with generally accepted accounting principles (GAAP) in the United States and also on a non-GAAP basis. Non-GAAP operating expenses exclude stock-based compensation. Non-GAAP operating expenses are provided as a complement to operating expenses provided in accordance with GAAP because management believes non-GAAP operating expenses help indicate underlying trends in the company's business, are important in comparing current results with prior period results and provide additional information regarding the company's financial position. Management also uses non-GAAP operating expenses to establish budgets and operational goals that are communicated internally and externally and to manage the company's business and to evaluate its performance. The attached financial information includes a reconciliation of the GAAP operating expenses to non-GAAP operating expenses and a reconciliation of GAAP operating expense guidance to non-GAAP operating expense guidance.

### **About Otonomy**

Otonomy is a biopharmaceutical company dedicated to the development of innovative therapeutics for neurotology. The company pioneered the application of drug delivery technology to the ear in order to develop products that achieve sustained drug exposure from a single local administration. This approach is covered by a broad patent estate and is being utilized to develop a pipeline of products addressing important unmet medical needs including Ménière's disease, hearing loss, and tinnitus. For additional information please visit [www.otonomy.com](http://www.otonomy.com).

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## Cautionary Note Regarding Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or the future financial or operating performance of Otonomy. Forward-looking statements in this press release include, but are not limited to, timing of results, patient recruitment and enrollment plans for, and design and conduct of, the Phase 3 clinical trial for OTIVIDEX, and comments regarding submission for U.S. registration; timing of results, patient recruitment and enrollment plans for, and design and conduct of, the Phase 1/2 clinical trial for OTO-313; expectations regarding timing of initiation and results, patient recruitment and enrollment plans for, and design and conduct of, the Phase 1/2 clinical trial for OTO-413; expectations regarding the status, timing and nature of upcoming milestones; expectations regarding operating expenses for 2019 and 2020; expectations that current capital is sufficient to fund the company through completion of the OTIVIDEX Phase 3 trial, OTO-313 Phase 1/2 trial, and OTO 413 Phase 1/2 trial, and will support company operations into 2021; and statements by Otonomy's president and CEO. Otonomy's expectations regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties. Actual results may differ materially from those indicated by these forward-looking statements as a result of these risks and uncertainties, including but not limited to: Otonomy's limited operating history and its expectation that it will incur significant losses for the foreseeable future; Otonomy's ability to accurately forecast financial results; Otonomy's ability to obtain additional financing; Otonomy's dependence on the regulatory success and advancement of its product candidates; the uncertainties inherent in the clinical drug development process, including, without limitation, Otonomy's ability to adequately demonstrate the safety and efficacy of its product candidates, the nonclinical and clinical results for its product candidates, which may not support further development, and challenges related to patient enrollment in clinical trials; Otonomy's ability to obtain regulatory approval for its product candidates; the risks of the occurrence of any event, change or other circumstance that could give rise to the termination of co-promotion agreements; the risks of the occurrence of any event, change or other circumstance that could impact Otonomy's ability to repay or comply with the terms of the loan provided by Oxford Finance LLC; side effects or adverse events associated with Otonomy's product candidates; Otonomy's ability to successfully commercialize its product candidates, if approved; competition in the biopharmaceutical industry; Otonomy's dependence on third parties to conduct nonclinical studies and clinical trials; Otonomy's dependence on third parties for the manufacture of its product candidates; Otonomy's dependence on a small number of suppliers for raw materials; Otonomy's ability to protect its intellectual property related to its product candidates in the United States and throughout the world; expectations regarding potential market size, opportunity and growth; Otonomy's ability to manage operating expenses; implementation of Otonomy's business model and strategic plans for its business, products and technology; and other risks. Information regarding the foregoing and additional risks may be found in the section entitled "Risk Factors" in Otonomy's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission (the "SEC") on August 1, 2019, and Otonomy's future reports to be filed with the SEC. The forward-looking statements in this press release are based on information available to Otonomy as of the date hereof. Otonomy disclaims any obligation to update any forward-looking statements, except as required by law.

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**Otonomy, Inc.**  
**Condensed Balance Sheet Data**  
(in thousands)

	As of June 30, 2019		As of December 31, 2018
	(unaudited)		
Cash and cash equivalents	\$	12,142	\$ 33,633
Short-term investments		66,309	63,651
Right-of-use assets		16,111	—
Total assets		100,815	104,992
Long-term debt, net		14,869	14,764
Leases, net of current		16,020	—
Total liabilities		41,821	25,255
Accumulated deficit		(438,929)	(415,218)
Total stockholders' equity		58,994	79,737

**Otonomy, Inc.**  
**Condensed Statements of Operations**  
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(unaudited)			
Product sales, net	\$ 190	\$ 123	\$ 382	\$ 424
Costs and operating expenses:				
Cost of product sales	203	241	416	513
Research and development	8,919	8,225	17,714	13,875
Selling, general and administrative	2,884	5,619	6,162	11,776
Total costs and operating expenses	12,006	14,085	24,292	26,164
Loss from operations	(11,816)	(13,962)	(23,910)	(25,740)
Other income, net	89	409	199	763
Net loss	\$ (11,727)	\$ (13,553)	\$ (23,711)	\$ (24,977)
Net loss per share, basic and diluted	\$ (0.38)	\$ (0.44)	\$ (0.77)	\$ (0.82)
Weighted-average shares used to compute net loss per share, basic and diluted	30,703,411	30,594,288	30,694,461	30,581,481

**Otonomy, Inc.**  
**Reconciliation of GAAP to Non-GAAP Operating Expenses**  
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(unaudited)			
GAAP operating expenses				
Research and development	\$ 8,919	\$ 8,225	\$ 17,714	\$ 13,875
Selling, general and administrative	2,884	5,619	6,162	11,776
Total GAAP operating expenses	11,803	13,844	23,876	25,651
Non-GAAP adjustments				
R&D stock-based compensation expense	(572)	(1,698)	(1,231)	(2,335)
SG&A stock-based compensation expense	(680)	(2,738)	(1,514)	(4,810)
Total non-GAAP adjustments	(1,252)	(4,436)	(2,745)	(7,145)
Non-GAAP operating expenses	\$ 10,551	\$ 9,408	\$ 21,131	\$ 18,506

**Otonomy, Inc.**  
**Reconciliation of 2019 GAAP to Non-GAAP Operating Expense Guidance**  
(in millions)

GAAP operating expenses	\$55 - \$60
Non-GAAP adjustments	
Stock-based compensation expense	\$10
Non-GAAP operating expenses	\$45 - \$50