

CONCERT PHARMACEUTICALS, INC.
Form 10-Q
May 03, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

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 001-36310

CONCERT PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

Delaware 20-4839882
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

99 Hayden Avenue, Suite 500 02421
Lexington, Massachusetts (Zip Code)
(Address of principal executive offices)
(781) 860-0045
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging Growth Company

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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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the registrant's common stock as of May 1, 2018: 23,395,816

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

CONCERT PHARMACEUTICALS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
 (Amounts in thousands, except share and per share data)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$35,697	\$ 27,665
Investments, available for sale	155,305	175,500
Marketable equity securities	9,156	—
Interest receivable	580	628
Accounts receivable	128	155
Contract asset (Note 7)	16,000	—
Prepaid expenses and other current assets	2,597	1,786
Total current assets	219,463	205,734
Property and equipment, net	4,356	2,165
Restricted cash	1,557	1,557
Other assets	24	34
Income taxes receivable	2,246	2,246
Total assets	\$227,646	\$ 211,736
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$957	\$ 658
Accrued expenses and other liabilities	4,200	4,299
Income taxes payable	—	46
Deferred revenue, current portion	1,413	1,442
Total current liabilities	6,570	6,445
Deferred revenue, net of current portion	9,120	8,859
Deferred lease incentive, net of current portion	846	—
Deferred rent, net of current portion	713	—
Total liabilities	17,249	15,304
Commitments		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized; no shares issued and outstanding in 2018 and 2017, respectively	—	—
Common stock, \$0.001 par value per share; 100,000,000 shares authorized; 23,414,108 and 23,147,779 shares issued and 23,389,599 and 23,140,378 outstanding in 2018 and 2017, respectively	23	23
Additional paid-in capital	275,810	273,059
Accumulated other comprehensive loss	(482)	(407)
Accumulated deficit	(64,954)	(76,243)
Total stockholders' equity	210,397	196,432
Total liabilities and stockholders' equity	\$227,646	\$ 211,736

See accompanying notes.

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CONCERT PHARMACEUTICALS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
 (UNAUDITED)

(Amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Revenue:		
License and research and development revenue	\$10,479	\$20
Operating expenses:		
Research and development	8,656	8,237
General and administrative	5,630	5,253
Total operating expenses	14,286	13,490
Loss from operations	(3,807)	(13,470)
Investment income	640	137
Unrealized loss on marketable equity securities	(1,296)	—
Net loss	\$(4,463)	\$(13,333)
Other comprehensive loss:		
Unrealized loss on investments, available for sale	(75)	(27)
Comprehensive loss	(4,538)	(13,360)
Net loss per share applicable to common stockholders - basic and diluted	\$(0.19)	\$(0.60)
Weighted-average number of common shares used in net loss per share applicable to common stockholders - basic and diluted	23,223	22,377
See accompanying notes.		

CONCERT PHARMACEUTICALS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Amounts in thousands)

	Three Months Ended March 31,	
	2018	2017
Operating activities		
Net loss	\$(4,463)	\$(13,333)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	253	248
Stock-based compensation expense	3,299	1,643
Accretion of premiums and discounts on investments	(53) 67
Amortization of deferred lease incentive	(196)