

CONCERT PHARMACEUTICALS, INC.
Form 10-Q
August 02, 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 June 30, 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
(State or other jurisdiction of
incorporation or organization) 20-4839882
(I.R.S. Employer
Identification No.)

99 Hayden Avenue, Suite 500
Lexington, Massachusetts 02421
(Address of principal executive offices) (Zip Code)
(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 July 30, 2018: 23,415,025

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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)

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$58,359	\$ 27,665
Investments, available for sale	121,988	175,500
Marketable equity securities	9,824	—
Interest receivable	511	628
Accounts receivable	25	155
Contract asset (Note 7)	16,000	—
Prepaid expenses and other current assets	2,287	1,786
Total current assets	208,994	205,734
Property and equipment, net	7,698	2,165
Restricted cash	1,557	1,557
Other assets	16	34
Income taxes receivable	2,250	2,246
Total assets	\$220,515	\$ 211,736
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$1,084	\$ 658
Accrued expenses and other liabilities	3,389	4,299
Income taxes payable	280	46
Deferred revenue, current portion	1,413	1,442
Total current liabilities	6,166	6,445
Deferred revenue, net of current portion	9,120	8,859
Deferred lease incentive, net of current portion	3,521	—
Deferred rent, net of current portion	1,425	—
Total liabilities	20,232	15,304
Commitments (Note 10)		
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; 23,491,740 and 23,147,779 shares issued and 23,414,588 and 23,140,378 outstanding in 2018 and 2017, respectively	23	23
Additional paid-in capital	278,867	273,059
Accumulated other comprehensive loss	(328)	(407)
Accumulated deficit	(78,279)	(76,243)
Total stockholders' equity	200,283	196,432
Total liabilities and stockholders' equity	\$220,515	\$ 211,736
See accompanying notes.		

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

(Amounts in thousands, except per share data)

	Three Months Ended		Six Months	
	June 30,		Ended	
	2018	2017	June 30,	2017
Revenue:				
License and research and development revenue	\$2	\$15	\$10,481	\$ 35
Operating expenses:				
Research and development	8,862	7,285	17,518	15,522
General and administrative	5,514	5,707	11,144	10,960
Total operating expenses	14,376	12,992	28,662	26,482
Loss from operations	(14,374)	(12,977)	(18,181)	(26,447)
Investment income	660	155	1,300	292
Interest and other expense	—	(205)	—	(205)
Unrealized gain (loss) on marketable equity securities	669	—	(627)	—
Loss before tax provision	(13,045)	(13,027)	(17,508)	(26,360)
Provision for income taxes	280	—	280	—
Net Loss	\$(13,325)	\$(13,027)		