

AGIOS PHARMACEUTICALS INC

Form 10-Q

May 04, 2018

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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

Commission file number 001-36014

AGIOS PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of  
Incorporation or Organization)

26-0662915

(I.R.S. Employer  
Identification No.)

88 Sidney Street, Cambridge, Massachusetts 02139

(Address of Principal Executive Offices) (Zip Code)

(617) 649-8600

(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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, 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. (Check one):

Large accelerated filer

Accelerated filer

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

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.

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

Number of shares of the registrant's Common Stock, \$0.001 par value, outstanding on April 30, 2018: 57,605,621

---

Table of Contents

AGIOS PHARMACEUTICALS, INC.  
FORM 10-Q  
FOR THE THREE MONTHS ENDED MARCH 31, 2018  
TABLE OF CONTENTS

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2018 and 2017</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three Months Ended March 31, 2018 and 2017</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2018 and 2017</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>29</u>
Item 4. <u>Controls and Procedures</u>	<u>30</u>
<u>PART II. OTHER INFORMATION</u>	
Item 1A. <u>Risk Factors</u>	<u>31</u>
Item 6. <u>Exhibits</u>	<u>62</u>
<u>Signatures</u>	<u>63</u>

---

Table of Contents

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

## AGIOS PHARMACEUTICALS, INC.

## Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

(Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$364,469	\$102,724
Marketable securities	417,981	321,212
Collaboration receivable – related party	3,512	2,448
Royalty receivable – related party	1,417	1,222
Prepaid expenses and other current assets	15,614	17,655
Total current assets	802,993	445,261
Marketable securities	212,297	143,814
Property and equipment, net	23,732	24,431
Other non-current assets	1,104	891
Total assets	\$1,040,126	\$614,397
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$17,932	\$22,767
Accrued expenses	17,005	34,031
Deferred revenue – related party	39,212	37,842
Deferred rent	550	301
Total current liabilities	74,699	94,941
Deferred revenue, net of current portion – related party	81,831	125,798
Deferred rent, net of current portion	18,002	18,155
Total liabilities	174,532	238,894
Stockholders' equity:		
Preferred stock, \$0.001 par value; 25,000,000 shares authorized; no shares issued or outstanding at March 31, 2018 and December 31, 2017	—	—
Common stock, \$0.001 par value; 125,000,000 shares authorized; 57,541,613 and 48,826,153 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	58	49
Additional paid-in capital	1,717,609	1,174,904
Accumulated other comprehensive loss	(2,643 )	(1,389 )
Accumulated deficit	(849,430 )	(798,061 )
Total stockholders' equity	865,594	375,503
Total liabilities and stockholders' equity	\$1,040,126	\$614,397

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

## AGIOS PHARMACEUTICALS, INC.

## Condensed Consolidated Statements of Operations

(in thousands, except share and per share data)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Collaboration revenue – related party	\$7,345	\$ 10,508
Royalty revenue – related party	1,417	—
Total revenue	8,762	10,508
Operating expenses:		
Research and development (net of \$2,776 of cost reimbursement from related party for the three months ended March 31, 2017)	78,224	62,732
General and administrative	24,550	14,823
Total operating expenses	102,774	77,555
Loss from operations	(94,012 )	(67,047 )
Interest income	3,187	881
Net loss	\$(90,825)	\$(66,166 )
Net loss per share – basic and diluted	\$(1.63 )	\$(1.56 )
Weighted-average number of common shares used in computing net loss per share – basic and diluted	55,694,603	42,280,525
See accompanying Notes to Condensed Consolidated Financial Statements.		

Table of Contents

AGIOS PHARMACEUTICALS, INC.

Condensed Consolidated Statements of Comprehensive Loss

(in thousands)

(Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Net loss	\$(90,825)	\$(66,166)
Other comprehensive (loss) income		
Unrealized (loss) gain on available-for-sale securities	(1,254)	101
Comprehensive loss	\$(92,079)	\$(66,065)

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

## AGIOS PHARMACEUTICALS, INC.

## Condensed Consolidated Statements of Cash Flows

(in thousands)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Operating activities		
Net loss	\$(90,825)	\$(66,166)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,725	1,591
Stock-based compensation expense	14,522	10,734
Net amortization of premium and discounts on investments	(406)	) 163
Loss on disposal of property and equipment	—	40
Changes in operating assets and liabilities:		
Collaboration receivable – related party	(1,064)	) (6,379)
Royalty receivable – related party	(195)	) —
Tenant improvement and other receivables	—	(24)
Prepaid expenses and other current and non-current assets	1,901	(3,425)