

FIBROGEN INC
Form 10-Q
May 09, 2016

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, 2016

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: 001-36740

FIBROGEN, INC.

(Exact name of registrant as specified in its charter)

Delaware 77-0357827
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

409 Illinois Street
San Francisco, CA 94158

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(Address of Principal Executive Offices) (Zip Code)

(415) 978-1200

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 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, 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 (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 Exchange Act Rule 12b-2). Yes No

The number of shares of common stock outstanding as of April 30, 2016 was 62,450,875.

FIBROGEN, INC.

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FIBROGEN, INC.

PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

(Unaudited)

	March 31, 2016	December 31, 2015 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 140,959	\$ 153,324
Short-term investments	32,454	27,847
Accounts receivable (\$3,662 and \$4,455 from a related party)	5,937	15,405
Prepaid expenses and other current assets	4,651	3,988
Total current assets	184,001	200,564
Restricted cash	7,254	7,254
Long-term investments	122,009	131,720
Property and equipment, net	127,613	129,020
Other assets	1,658	2,016
Total assets	\$ 442,535	\$ 470,574
Liabilities, stockholders' equity and non-controlling interests		
Current liabilities:		
Accounts payable	\$ 1,543	\$ 6,521
Accrued liabilities (\$1,639 and \$2,045 to related parties)	44,038	47,932
Deferred revenue	12,722	12,728
Total current liabilities	58,303	67,181
Long-term portion of lease financing obligations	97,077	97,042
Product development obligations	15,786	15,085
Deferred rent	4,581	4,702
Deferred revenue, net of current	85,328	85,132
Other long-term liabilities	5,237	4,607
Total liabilities	266,312	273,749
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 125,000 shares authorized at March 31, 2016 and	—	—

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December 31, 2015; no shares issued and outstanding at March 31, 2016

and December 31, 2015

Common stock, \$0.01 par value; 225,000 shares authorized at March 31, 2016 and

December 31, 2015; 62,425 and 61,985 shares issued and outstanding at

March 31, 2016 and December 31, 2015	624	620
Additional paid-in capital	593,935	586,647
Accumulated other comprehensive loss	(1,704)	(1,651)
Accumulated deficit	(435,903)	(408,062)
Total stockholders' equity	156,952	177,554
Non-controlling interests	19,271	19,271
Total equity	176,223	196,825
Total liabilities, stockholders' equity and non-controlling interests	\$442,535	\$470,574

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Revenue:		
License and milestone revenue (includes \$3,313 and \$4,692 from a related party)	\$ 19,738	\$ 11,506
Collaboration services and other revenue (includes \$352 and \$634 from a related party)	8,544	4,792
Total revenue	28,282	16,298
Operating expenses:		
Research and development	43,650	50,539
General and administrative	11,417	10,482
Total operating expenses	55,067	61,021
Loss from operations	(26,785)	(44,723)
Interest and other, net		
Interest expense	(2,777)	(2,758)
Interest income and other, net	1,416	843
Total interest and other, net	(1,361)	(1,915)
Loss before income taxes	(28,146)	(46,638)
Benefit from income taxes	(305)	(271)
Net loss	\$(27,841)	\$(46,367)
Net loss per share - basic and diluted	\$(0.45)	\$(0.78)
Weighted average number of common shares used to calculate net loss per share - basic and diluted	62,184	59,197

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Net loss	\$(27,841)	\$(46,367)
Other comprehensive income (loss):		
Foreign currency translation adjustments	(642)	1,705
Available-for-sale investments:		
Unrealized gain on investments, net of tax effect	589	711
Reclassification from accumulated other comprehensive loss	—	(5)
Net change in unrealized loss on available-for-sale investments	589	706
Other comprehensive income, net of taxes	(53)	2,411
Comprehensive loss	\$(27,894)	\$(43,956)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

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FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2016	2015
Operating activities		
Net loss	\$(27,841)	\$(46,367)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,502	1,388
Amortization of premium on investments	695	768
Unrealized foreign exchange gain on short-term investments	(620)	-
Stock-based compensation	7,340	6,446
Tax benefit on unrealized gain on available-for-sale securities	(339)	(271)
Changes in operating assets and liabilities:		
Accounts receivable	9,468	6,490
Prepaid expenses and other current assets	(663)	(780)
Other assets	358	(112)
Accounts payable	(4,978)	(2,118)
Accrued liabilities	(3,214)	(7,048)
Deferred revenue	190	(822)
Lease financing liability	136	156
Other long-term liabilities	708	80
Net cash used in operating activities		