

LEXICON PHARMACEUTICALS, INC.

Form 10-Q

August 07, 2015

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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, 2015

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: 000-30111

Lexicon Pharmaceuticals, Inc.
(Exact Name of Registrant as Specified in its Charter)
Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

76-0474169
(I.R.S. Employer
Identification Number)

8800 Technology Forest Place
The Woodlands, Texas 77381
(Address of Principal Executive Offices and Zip Code)

(281) 863-3000
(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, 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 Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 4, 2015, 103,613,400 shares of the registrant's common stock, par value \$0.001 per share, were outstanding.

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Factors Affecting Forward Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “show” or “will,” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under “Part II, Item 1A. - Risk Factors,” that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are not under any duty to update any of the forward-looking statements after the date of this quarterly report on Form 10-Q to conform these statements to actual results, unless required by law.

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Part I – Financial Information

Item 1. Financial Statements

Lexicon Pharmaceuticals, Inc.

Consolidated Balance Sheets
(In thousands, except par value)

	As of June 30, 2015 (unaudited)	As of December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$9,744	\$137,266
Short-term investments, including restricted investments of \$430	272,739	202,073
Accounts receivable, net of allowances of \$35	316	1,035
Assets held for sale	23,849	23,849
Prepaid expenses and other current assets	7,151	4,764
Total current assets	313,799	368,987
Property and equipment, net of accumulated depreciation and amortization of \$18,672 and \$36,274, respectively	684	1,080
Goodwill	44,543	44,543
Other intangible assets	53,357	53,357
Other assets	3,581	3,409
Total assets	\$415,964	\$471,376
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$11,291	\$13,064
Accrued liabilities	10,807	10,120
Current portion of deferred revenue	2,218	1,618
Current portion of long-term debt	19,255	20,167
Total current liabilities	43,571	44,969
Deferred revenue, net of current portion	11,708	12,679
Long-term debt	87,500	87,500
Deferred tax liabilities	18,675	18,675
Other long-term liabilities	23,036	23,535
Total liabilities	184,490	187,358
Commitments and contingencies		
Equity:		
Preferred stock, \$.01 par value; 5,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$.001 par value; 225,000 and 128,571 shares authorized; 103,851 and 103,663 shares issued, respectively	104	104
Additional paid-in capital	1,394,421	1,390,619
Accumulated deficit	(1,160,402)	(1,104,252)
Accumulated other comprehensive gain (loss)	98	(63)
Treasury stock, at cost, 237 and 183 shares, respectively	(2,747)	(2,390)
Total equity	231,474	284,018
Total liabilities and equity	\$415,964	\$471,376

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

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Lexicon Pharmaceuticals, Inc.

Consolidated Statements of Comprehensive Loss

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Collaborative agreements	\$338	\$627	\$2,130	\$799
Subscription and license fees	38	49	38	154
Total revenues	376	676	2,168	953
Operating expenses:				
Research and development, including stock-based compensation of \$868, \$940, \$1,972 and \$2,398, respectively	20,769	21,187	41,634	45,140
Increase (decrease) in fair value of Symphony Icon, Inc. purchase liability	(12) 448	1,741	1,590
General and administrative, including stock-based compensation of \$920, \$900, \$1,769 and \$1,692, respectively	6,307	5,152	12,008	10,806
Total operating expenses	27,064	26,787	55,383	57,536
Loss from operations	(26,688			