

LEXICON PHARMACEUTICALS, INC.

Form 10-Q

August 04, 2016

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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, 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: 000-30111

Lexicon Pharmaceuticals, Inc.
(Exact Name of Registrant as Specified in its Charter)
Delaware 76-0474169
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) 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.

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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 1, 2016, 103,865,713 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, 2016 (unaudited)	As of December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 38,410	\$ 202,989
Short-term investments	390,955	318,363
Accounts receivable, net of allowances of \$4	1,018	911
Prepaid expenses and other current assets	9,071	10,137
Total current assets	439,454	532,400
Property and equipment, net of accumulated depreciation and amortization of \$58,855 and \$59,428, respectively	20,350	21,227
Goodwill	44,543	44,543
Other intangible assets	53,357	53,357
Other assets	430	433
Total assets	\$ 558,134	\$ 651,960
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 28,225	\$ 19,725
Accrued liabilities	23,950	24,757
Current portion of deferred revenue	61,528	76,499
Current portion of long-term debt, net of deferred issuance costs	17,289	1,976
Total current liabilities	130,992	122,957
Deferred revenue, net of current portion	92,188	109,151
Long-term debt, net of deferred issuance costs	84,909	100,960
Deferred tax liabilities	18,675	18,675
Other long-term liabilities	14,037	14,367
Total liabilities	340,801	366,110
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 shares authorized; 104,152 and 103,860 shares issued, respectively	104	104
Additional paid-in capital	1,402,190	1,397,646
Accumulated deficit	(1,181,929)	(1,108,934)
Accumulated other comprehensive gain (loss)	336	(219)
Treasury stock, at cost, 306 and 237 shares, respectively	(3,368)	(2,747)
Total equity	217,333	285,850
Total liabilities and equity	\$ 558,134	\$ 651,960

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,	
	2016	2015	2016	2015
Revenues:				
Collaborative agreements	\$20,001	\$ 338	\$32,495	\$2,130
Subscription and license fees	88	38	88	38
Total revenues	20,089	376	\$32,583	\$2,168
Operating expenses:				
Research and development, including stock-based compensation of \$973, \$868, \$1,962 and \$1,972, respectively	48,216	20,769	85,218	41,634
Increase (decrease) in fair value of Symphony Icon, Inc. purchase liability	478	(12)	1,443	1,741
General and administrative, including stock-based compensation of \$984, \$920, \$1,830 and \$1,769, respectively	8,416	6,307	16,814	12,008
Total operating expenses	57,110	27,064	103,475	55,383
Loss from operations	(37,021)	(26,688)		