

AVEO PHARMACEUTICALS INC

Form 10-Q

November 08, 2011

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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 September 30, 2011

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 001-34655

AVEO PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)
75 Sidney Street, Cambridge, Massachusetts 02139
(Address of principal executive offices) (zip code)
(617) 299-5000
(Registrant's telephone number, including area code)
04-3581650
(I.R.S. Employer
Identification No.)
(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, 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. (Check one):

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 Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of the registrant's Common Stock, \$0.001 par value, outstanding on November 1, 2011: 43,200,810

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FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2011

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****AVEO PHARMACEUTICALS, INC.****Condensed Consolidated Balance Sheets****(in thousands, except par value amounts)***(unaudited)*

	September 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 45,913	\$ 45,791
Marketable securities	213,915	94,407
Accounts receivable	9,747	391
Prepaid expenses and other current assets	5,559	4,864
Total current assets	275,134	145,453
Marketable securities	36,526	
Property and equipment, net	5,163	4,532
Other assets	230	456
Restricted cash	705	607
Total assets	\$ 317,758	\$ 151,048
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,678	\$ 9,247
Accrued expenses	13,297	10,121
Loans payable, net of discount	6,142	5,766
Deferred revenue	1,294	16,693
Other liabilities	1,249	
Deferred rent	260	266
Total current liabilities	31,920	42,093
Loans payable, net of current portion and discount	17,900	17,636
Deferred revenue, net of current portion	20,008	16,509
Deferred rent, net of current portion	394	553
Other liabilities	1,238	2,487
Stockholders' equity:		
Preferred stock, \$.001 par value: 5,000 shares authorized; no shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively		
Common stock, \$.001 par value: 100,000 shares authorized; 43,185 and 35,604 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	43	36
Additional paid-in capital	427,248	308,268
Accumulated other comprehensive loss	(296)	(20)
Accumulated deficit	(180,697)	(236,514)

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Total stockholders' equity	246,298	71,770
Total liabilities and stockholders' equity	\$ 317,758	\$ 151,048

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

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AVEO PHARMACEUTICALS, INC.

Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Collaboration revenue	\$ 3,585	\$ 6,222	\$ 163,753	\$ 32,725
Operating expenses:				
Research and development	20,098	20,252	83,193	68,867
General and administrative	6,582	3,611	22,181	10,199
	26,680	23,863	105,374	79,066
Income (loss) from operations	(23,095)	(17,641)	58,379	(46,341)
Other income and expense:				
Other income, net	62	10	17	140
Interest expense	(953)	(1,029)	(2,911)	(2,361)
Interest income	168	52	332	87
Other expense, net	(723)	(967)	(2,562)	(2,134)
Net income (loss)	\$ (23,818)	\$ (18,608)	\$ 55,817	\$ (48,475)
Basic net income (loss) per share				
Net income (loss)	\$ (0.55)	\$ (0.60)	\$ 1.44	\$ (2.13)
Weighted average number of common shares outstanding	43,017	30,889	38,575	22,773
Diluted net income (loss) per share				
Net income (loss)	\$ (0.55)	\$ (0.60)	\$ 1.38	\$ (2.13)
Weighted average number of common shares and dilutive common share equivalents outstanding	43,017	30,889	40,377	22,773

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

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	Nine Months Ended September 30,	
	2011	2010
Operating activities		
Net income (loss)	\$ 55,817	\$ (48,475)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,198	980
Stock-based compensation	4,280	2,920
Non-cash interest expense	655	1,166
Deferred rent	(165)	(110)
Loss on disposal of property and equipment	3	1
Remeasurement of warrants to purchase convertible preferred stock		(713)
Amortization of premium on investments	2,801	113
Changes in operating assets and liabilities:		
Accounts receivable	(9,356)	267
Prepaid expenses and other current assets	(710)	(2,323)
Other noncurrent assets	226	1,369
Restricted cash	(98)	
Accounts payable	431	1,306
Accrued expenses	3,176	1,722
Deferred revenue	(11,900)	(6,421)
Net cash provided by (used in) operating activities	46,358	(48,198)
Investing activities		
Purchases of property and equipment	(1,832)	(1,271)
Purchases of marketable securities	(309,204)	(95,370)
Proceeds from maturities and sales of marketable securities	150,093	54,292
Net cash used in investing activities	(160,943)	(42,349)
Financing activities		
Proceeds from issuance of common stock, net of issuance costs	112,131	80,301
Proceeds from exercise of stock options and issuance of common stock	2,576	725
Proceeds from refinancing of loans payable		7,555
Principal payments on loans payable		(3,278)
Net cash provided by financing activities	114,707	85,303
Net increase (decrease) in cash and cash equivalents	122	(5,244)
Cash and cash equivalents at beginning of period	45,791	45,290
Cash and cash equivalents at end of period	\$ 45,913	\$ 40,046
Supplemental cash flow and noncash investing and financing		
Issuance of warrants in conjunction with loan	\$	\$ 780
Cash paid for interest	\$ 2,264	\$ 1,701
Cash paid for income taxes	\$	\$

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