

CONCERT PHARMACEUTICALS, INC.  
Form 10-Q  
May 05, 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 001-36310

CONCERT PHARMACEUTICALS, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

20-4839882  
(I.R.S. Employer  
Identification No.)

99 Hayden Avenue, Suite 500  
Lexington, Massachusetts  
(Address of principal executive offices)

02421  
(Zip Code)

(781) 860-0045  
(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

The number of shares outstanding of the registrant's common stock as of April 29, 2016: 22,216,718



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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

CONCERT PHARMACEUTICALS, INC.  
 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
 (Amounts in thousands, except share and per share data)

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$37,821	\$ 92,510
Investments, available for sale	89,898	49,680
Interest receivable	379	181
Accounts receivable	152	70
Prepaid expenses and other current assets	2,305	1,667
Total current assets	130,555	144,108
Property and equipment, net	2,248	2,346
Restricted cash	400	400
Other assets	92	78
Total assets	\$133,295	\$ 146,932
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$771	\$ 501
Accrued expenses and other liabilities	3,450	4,772
Income taxes payable	—	75
Deferred revenue, current portion	1,250	1,279
Total current liabilities	5,471	6,627
Deferred revenue, net of current portion	8,885	8,891
Deferred lease incentive, net of current portion	493	573
Deferred rent, net of current portion	184	206
Total liabilities	15,033	16,297
Commitments		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized; no shares issued and outstanding in 2016 and 2015, respectively		
Common stock, \$0.001 par value per share; 100,000,000 shares authorized; 22,210,797 and 22,166,803 shares issued and 22,209,160 and 22,165,166 outstanding in 2016 and 2015, respectively	22	22
Additional paid-in capital	253,251	251,793
Accumulated other comprehensive income (loss)	31	(18 )
Accumulated deficit	(135,042 )	(121,162 )
Total stockholders' equity	118,262	130,635
Total liabilities and stockholders' equity	\$133,295	\$ 146,932
See accompanying notes.		



CONCERT PHARMACEUTICALS, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS  
 (UNAUDITED)

(Amounts in thousands, except per share data)

	Three Months Ended March 31,	
	2016	2015
Revenue:		
License and research and development revenue	\$56	\$1,306
Total revenue	56	1,306
Operating expenses:		
Research and development	10,453	6,944
General and administrative	3,577	3,233
Total operating expenses	14,030	10,177
Loss from operations	(13,974 )	(8,871 )
Investment income	94	17
Interest and other expense	—	(148 )
Net loss	\$(13,880)	\$(9,002)
Other comprehensive income (loss):		
Unrealized gain on investments	49	20
Comprehensive loss	\$(13,831)	\$(8,982)
Net loss per share applicable to common stockholders — basic and diluted	\$(0.63 )	\$(0.48 )
Weighted-average number of common shares used in net loss per share applicable to common stockholders— basic and diluted	22,198	18,726
See accompanying notes.		

CONCERT PHARMACEUTICALS, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
 (Amounts in thousands)

	Three Months Ended March 31,	
	2016	2015
Operating activities		
Net loss	\$(13,880)	\$(9,002)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	210	183
Stock-based compensation expense	1,282	646
Accretion of premiums and discounts on investments	134	181
Amortization of discount on loan payable	—	25
Amortization of deferred financing costs	—	9
Amortization of deferred lease incentive	(78)	(76)
Loss on disposal of asset	2	—
Changes in operating assets and liabilities:		