

TREVENA 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 001-36193

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Trevena, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 26-1469215
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

1018 West 8th Avenue, Suite A
King of Prussia, PA 19406
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (610) 354-8840

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

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, \$0.001 par value Shares outstanding as of August 1, 2016: 52,178,174

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (this “Quarterly Report”) contains forward-looking statements that involve substantial risks and uncertainties. The forward-looking statements are contained principally in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” but also are contained elsewhere in this Quarterly Report, as well as in sections such as “Risk Factors” that are incorporated by reference into this Quarterly Report from our most recent Annual Report on Form 10-K (the “Annual Report”). In some cases, you can identify forward-looking statements by the words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue” and “ongoing,” or the negative of those terms, or other comparable terminology intended to identify statements about the future. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that these statements are based on a combination of facts and factors currently known by us and our expectations of the future, about which we cannot be certain. Forward-looking statements include statements about:

- our plans to develop and potentially commercialize our product candidates;
- our ability to fund future operating expenses and capital expenditures with our current cash resources;
- our planned clinical trials and preclinical studies for our product candidates;
- the timing and likelihood of obtaining and maintaining regulatory approvals for our product candidates;
- the extent of clinical trials potentially required by the FDA for our product candidates;
- the clinical utility and market acceptance of our product candidates;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our intellectual property position; and
- our ability to identify additional product candidates with significant commercial potential that are consistent with our commercial objectives.

You should refer to the “Risk Factors” section of this Quarterly Report and our Annual Report for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Quarterly Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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PART I

ITEM 1. FINANCIAL STATEMENTS

TREVENA, INC.

Balance Sheets

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 36,802,778	\$ 46,773,566
Marketable securities	107,707,828	125,864,447
Prepaid expenses and other current assets	3,129,866	1,892,217
Total current assets	147,640,472	174,530,230
Property and equipment, net	807,353	696,280
Restricted cash	112,620	112,620
Intangible asset, net	13,906	14,844
Total assets	\$ 148,574,351	\$ 175,353,974
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 4,925,372	\$ 6,749,625
Accrued expenses and other current liabilities	3,785,223	3,029,782
Deferred revenue	—	3,750,000
Deferred rent	48,086	43,907
Total current liabilities	8,758,681	13,573,314
Loans payable, net	18,249,810	18,185,898
Capital leases, net of current portion	13,176	7,942
Deferred rent, net of current portion	214,679	238,917
Warrant liability	83,517	153,238
Other long term liabilities	270,532	63,200
Total liabilities	27,590,395	32,222,509
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock—\$0.001 par value; 100,000,000 shares authorized, 52,177,674 and 50,802,603 shares issued and outstanding at June 30, 2016 and	52,178	50,802

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December 31, 2015, respectively

Preferred stock—\$0.001 par value; 5,000,000 shares authorized, none issued
or outstanding at June 30, 2016 and December 31, 2015, respectively

Additional paid-in capital	—	—
Accumulated deficit	340,349,923	325,784,484
Accumulated other comprehensive income (loss)	(219,493,262)	(182,497,965)
Total stockholders' equity	75,117	(205,856)
Total liabilities and stockholders' equity	120,983,956	143,131,465
	\$ 148,574,351	\$ 175,353,974

See accompanying notes to financial statements.

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TREVENA, INC.

Statements of Operations and Comprehensive Income (Loss) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue:				
Collaboration revenue	\$ 1,875,000	\$ 1,875,000	\$ 3,750,000	\$ 2,500,000
Total revenue	1,875,000	1,875,000	3,750,000	2,500,000
Operating expenses:				
General and administrative	3,696,682	3,107,263	7,614,432	6,196,885
Research and development	17,203,345	10,275,470	32,956,432	20,874,463
Total operating expenses	20,900,027	13,382,733	40,570,864	27,071,348
Loss from operations	(19,025,027)	(11,507,733)	(36,820,864)	(24,571,348)
Other income (expense):				
Change in fair value of warrant liability	28,234	5,348	69,721	(3,065)
Gain on asset disposal	—	2,656	—	2,656
Miscellaneous income	—	—	221,699	173,535
Interest income	214,376	53,219	407,213	92,688
Interest expense	(433,901)	(72,341)	(873,066)	(142,962)
Total other (expense) income	(191,291)	(11,118)	(174,433)	122,852
Net loss attributable to common stockholders	\$ (19,216,318)	\$ (11,518,851)	\$ (36,995,297)	\$ (24,448,496)
Other comprehensive income, net:				
Change in unrealized gains on marketable securities	44,979	2,127	280,973	28,884
Other comprehensive income	44,979	2,127	280,973	28,884
Comprehensive loss	\$ (19,171,339)	\$ (11,516,724)	\$ (36,714,324)	\$ (24,419,612)
Per share information:				
Net loss per share of common stock, basic and diluted	\$ (0.37)	\$ (0.28)	\$ (0.71)	\$ (0.61)
Weighted average common shares outstanding, basic and diluted	52,174,569	40,809,931	51,762,467	40,034,864

See accompanying notes to financial statements.

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TREVENA, INC.

Statement of Stockholders' Equity (Unaudited)

For the period from January 1, 2016 to June 30, 2016

	Stockholders' Equity Common Stock				Accumulated	Total
	Number of Shares	\$0.001 Par Value	Additional Paid-in Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Stockholders' Equity
Balance, January 1, 2016	50,802,603	\$ 50,802	\$ 325,784,484	\$ (182,497,965)	\$ (205,856)	\$ 143,131,465
Stock-based compensation expense	—	—	2,713,109	—	—	2,713,109
Exercise of stock options	23,618	25	61,283	—	—	61,308
Net exercise of common stock warrant	698	—	—	—	—	—
Issuance of common stock, net of issuance costs	1,350,755	1,351	11,791,047	—	—	11,792,398
Unrealized gain on marketable securities	—	—	—	—	280,973	280,973
Net loss	—	—	—	(36,995,297)	—	(36,995,297)
Balance, June 30, 2016	52,177,674	\$ 52,178	\$ 340,349,923	\$ (219,493,262)	\$ 75,117	\$ 120,983,956

See accompanying notes to financial statements.

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TREVENA, INC.

Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
	2016	2015
Operating activities:		
Net loss	\$ (36,995,297)	\$ (24,448,496)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	118,547	104,499