

Theravance Biopharma, Inc.
Form 10-Q
May 09, 2018
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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 March 31, 2018

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: 001-36033

THERAVANCE BIOPHARMA, INC.

(Exact Name of Registrant as Specified in its Charter)

Cayman Islands (State or Other Jurisdiction of Incorporation or Organization)	98-1226628 (I.R.S. Employer Identification No.)
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PO Box 309 Ugland House, South Church Street George Town, Grand Cayman, Cayman Islands (Address of Principal Executive Offices)	KY1-1104 (Zip Code)
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(650) 808-6000

(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 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	Smaller reporting company
(Do not check if a smaller reporting company)	Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 May 1, 2018, the number of the registrant's outstanding ordinary shares was 54,853,858.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THERAVANCE BIOPHARMA, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share data)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 125,831	\$ 88,980
Short-term marketable securities	292,700	259,586
Accounts receivable, net of allowances of \$888 and \$992 at March 31, 2018 and December 31, 2017, respectively	1,973	2,253
Receivables from collaborative arrangements	2,845	7,109
Prepaid taxes	926	291
Other prepaid and current assets	5,326	3,700
Inventories	17,217	16,830
Total current assets	446,818	378,749
Property and equipment, net	10,329	10,157
Long-term marketable securities	16,999	41,587
Tax receivable	3,324	8,191
Restricted cash	833	833
Other assets	1,805	1,883
Total assets	\$ 480,108	\$ 441,400
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 5,085	\$ 5,924
Accrued personnel-related expenses	21,989	24,136
Accrued clinical and development expenses	16,435	20,657
Other accrued liabilities	11,508	11,710
Deferred revenue	50,162	125
Total current liabilities	105,179	62,552
Convertible senior notes, net	224,014	223,746
Deferred rent	5,772	3,668

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Long-term deferred revenue	45,651	1,436
Other long-term liabilities	36,085	34,820
Commitments and contingencies		
Shareholders' equity		
Preferred shares, \$0.00001 par value: 230 shares authorized, no shares issued or outstanding	—	—
Ordinary shares, \$0.00001 par value: 200,000 shares authorized; 54,798 and 54,381 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	1	1
Additional paid-in capital	925,968	913,650
Accumulated other comprehensive loss	(854)	(733)
Accumulated deficit	(861,708)	(797,740)
Total shareholders' equity	63,407	115,178
Total liabilities and shareholders' equity	\$ 480,108	\$ 441,400

See accompanying notes to condensed consolidated financial statements.

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THERAVANCE BIOPHARMA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended	
	March 31,	2017
	2018	
Revenue:		
Product sales	\$ 3,679	\$ 3,050
Revenue from collaborative arrangements	4,640	37
Total revenue	8,319	3,087
Costs and expenses:		
Cost of goods sold	826	565
Research and development (1)	47,765	40,565
Selling, general and administrative (1)	24,704	20,786
Total costs and expenses	73,295	61,916
Loss from operations	(64,976)	(58,829)
Interest expense	(2,137)	(2,137)
Interest and other income, net	2,170	1,030
Loss before income taxes	(64,943)	(59,936)
Provision for income taxes	144	5,383
Net loss	\$ (65,087)	\$ (65,319)
Net loss per share:		
Basic and diluted net loss per share	\$ (1.22)	\$ (1.27)
Shares used to compute basic and diluted net loss per share	53,256	51,617
Net unrealized loss on available-for-sale investments	(120)	(19)
Total comprehensive loss	\$ (65,207)	\$ (65,338)

(1) Amounts include share-based compensation expense as follows: