

CYTOKINETICS INC
Form 10-Q
November 06, 2014
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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 September 30, 2014

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: 000-50633

CYTOKINETICS, INCORPORATED

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	94-3291317 (I.R.S. Employer Identification No.)
280 East Grand Avenue	
South San Francisco, California (Address of principal executive offices)	94080 (Zip Code)
Registrant's telephone number, including area code: (650) 624-3000	

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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 common stock, \$0.001 par value, outstanding as of October 31, 2014: 36,608,781

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CYTOKINETICS, INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, 2014 (Unaudited)	December 31, 2013 (Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,907	\$ 20,158
Short-term investments	65,589	57,570
Accounts receivable and related party receivable	1,191	5
Prepaid and other current assets	1,804	1,605
Total current assets	81,491	79,338
Property and equipment, net	1,491	1,221
Long-term investments	4,003	2,502
Other assets	200	127
Total assets	\$ 87,185	\$ 83,188
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,646	\$ 3,709
Accrued liabilities	6,012	8,272
Deferred revenue, current	5,284	14,701
Short-term portion of deferred rent	44	22
Total current liabilities	12,986	26,704
Deferred revenue, non-current	52	1,500
Long-term portion of deferred rent	517	542
Total liabilities	13,555	28,746
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.001 par value:		
Authorized: 10,000,000 shares; Issued and outstanding, none		
Common stock, \$0.001 par value:		
Authorized: 81,500,000 shares;		
Issued and outstanding: 36,608,781 shares at September 30, 2014 and 30,681,624 shares at		
December 31, 2013	37	31
Additional paid-in capital	579,255	537,001
Accumulated other comprehensive income	24	7
Accumulated deficit	(505,686)	(482,597)

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Total stockholders' equity	73,630	54,442
Total liabilities and stockholders' equity	\$ 87,185	\$ 83,188

The accompanying notes are an integral part of these financial statements.

Table of Contents**CYTOKINETICS, INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Revenues:				
Research and development revenues from related parties	\$ 1,920	\$ 564	\$ 3,428	\$ 1,455
Research and development, grant and other revenues	4,761	2,495	14,189	3,434
License revenues	2,734	1,410	7,565	1,410
Total revenues	9,415	4,469	25,182	6,299
Operating expenses:				
Research and development	11,420	13,445	35,647	35,626
General and administrative	3,993	3,635	12,710	10,999
Total operating expenses	15,413	17,080	48,357	46,625
Operating loss	(5,998)	(12,611)	(23,175)	(40,326)
Interest and other, net	27	23	86	78
Loss before income taxes	(5,971)	(12,588)	(23,089)	(40,248)
Income tax benefit				
Net loss	\$ (5,971)	\$ (12,588)	\$ (23,089)	\$ (40,248)
Net loss per share basic and diluted	\$ (0.16)	\$ (0.43)	\$ (0.65)	\$ (1.52)
Weighted-average number of shares used in computing net loss per share basic and diluted	36,609	29,395	35,359	26,413
Other comprehensive income:				
Unrealized gains on available-for-sale securities, net	11	19	17	1
Comprehensive loss	\$ (5,960)	\$ (12,569)	\$ (23,072)	\$ (40,247)

The accompanying notes are an integral part of these financial statements.

Table of Contents**CYTOKINETICS, INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(Unaudited)

	Nine Months Ended	
	September 30, 2014	September 30, 2013
Cash flows from operating activities:		
Net loss	\$ (23,089)	\$ (40,248)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization of property and equipment	353	345
Stock-based compensation	2,444	2,941
Gain on sale of investments	(6)	
Gain (loss) on disposal of equipment		(2)
Changes in operating assets and liabilities:		
Accounts receivable and related party accounts receivable	(1,185)	4
Prepaid and other assets	(273)	744
Accounts payable	(1,863)	(103)
Accrued and other liabilities	(2,229)	5,162
Related party payables and accrued liabilities		(150)
Deferred revenue	(10,865)	36,018
Net cash provided by (used in) operating activities	(36,713)	4,711
Cash flows from investing activities:		
Purchases of investments	(93,244)	(68,286)
Proceeds from sales and maturities of investments	83,748	61,241
Purchases of property and equipment	(857)	(290)
Proceeds from sales of property and equipment		3
Net cash used in investing activities	(10,353)	(7,332)
Cash flows from financing activities:		
Proceeds from public offerings of common stock, net of issuance costs	39,869	7,450
Payments from stock based award activities and warrants, net	(54)	(478)
Net cash provided by financing activities	39,815	6,972
Net increase (decrease) in cash and cash equivalents	(7,251)	4,351
Cash and cash equivalents, beginning of period	20,158	14,907
Cash and cash equivalents, end of period	\$ 12,907	\$ 19,258