

AGENUS INC
Form 10-Q
May 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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: 000-29089

Agenus Inc.

(exact name of registrant as specified in its charter)

Delaware 06-1562417
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

3 Forbes Road, Lexington, Massachusetts 02421

(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code:

(781) 674-4400

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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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations 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 (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 outstanding of the issuer's Common Stock as of May 2, 2016: 86,882,451 shares

Agenus Inc.

Three Months Ended March 31, 2016

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AGENUS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	\$78,330,566	\$136,702,873
Short-term investments	69,899,364	34,964,730
Inventories	88,200	88,200
Accounts Receivable	10,224,299	9,800,342
Prepaid expenses	2,780,937	1,956,941
Other current assets	289,445	582,280
Total current assets	161,612,811	184,095,366
Property, plant and equipment, net of accumulated amortization and depreciation of \$30,171,945 and \$29,488,793 at March 31, 2016 and December 31, 2015, respectively	16,587,788	15,310,623
Goodwill	23,267,789	22,792,778
Acquired intangible assets, net of accumulated amortization of \$1,583,654 and \$987,394 at March 31, 2016 and December 31, 2015, respectively	18,388,271	18,759,662
Other long-term assets	1,282,662	1,270,055
Total assets	\$221,139,321	\$242,228,484
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion, long-term debt	\$146,061	\$146,061
Current portion, deferred revenue	3,156,659	3,829,371
Accounts payable	2,512,567	4,488,561
Accrued liabilities	19,852,005	14,165,816
Other current liabilities	5,590,802	6,304,281
Total current liabilities	31,258,094	28,934,090
Long-term debt, net of current portion	118,161,987	114,326,489
Deferred revenue, net of current portion	14,200,898	15,065,754
Contingent purchase price consideration	5,266,000	5,608,000
Other long-term liabilities	7,799,602	7,566,601
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$0.01 per share; 5,000,000 shares authorized: Series A-1 convertible preferred stock; 31,620 shares designated, issued, and outstanding at March 31, 2016 and December 31, 2015; liquidation value of \$32,266,373 at March 31, 2016	316	316
Common stock, par value \$0.01 per share; 140,000,000 shares authorized;	865,296	863,907

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86,529,579 and 86,390,697 shares issued at March 31, 2016 and December 31, 2015, respectively		
Additional paid-in capital	856,067,607	851,103,934
Accumulated other comprehensive loss	(1,514,512)	(2,053,143)
Accumulated deficit	(810,965,967)	(779,187,464)
Total stockholders' equity	44,452,740	70,727,550
Total liabilities and stockholders' equity	\$221,139,321	\$242,228,484

See accompanying notes to unaudited condensed consolidated financial statements.

AGENUS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

	Three Months Ended March	
	31,	
	2016	2015
Revenue:		
Service revenue	\$ 147,456	\$—
Research and development	5,811,420	3,953,299
Total revenues	5,958,876	3,953,299
Operating expenses:		
Research and development	(25,038,478)	(9,220,143)
General and administrative	(9,231,521)	(5,487,109)
Contingent purchase price consideration fair value adjustment	342,000	(7,537,700)
Operating loss	(27,969,123)	(18,291,653)
Other (expense) income:		
Non-operating income (expense)	323,083	(52,945)
Interest expense, net	(4,132,463)	(396,863)
Net loss	(31,778,503)	(18,741,461)
Dividends on Series A-1 convertible preferred stock	(50,941)	(50,620)
Net loss attributable to common stockholders	\$(31,829,444)	\$(18,792,081)
Per common share data:		
Basic and diluted net loss attributable to common stockholders	\$(0.37)	\$(0.28)
Weighted average number of common shares outstanding:		
Basic and diluted	86,686,515	66,667,290
Other comprehensive income:		
Foreign currency translation gain	\$ 539,396	\$ 764,321
Unrealized loss on investments	(765)	—
Other comprehensive gain	538,631	764,321
Comprehensive loss	\$(31,290,813)	\$(18,027,760)

See accompanying notes to unaudited condensed consolidated financial statements.

AGENUS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March	
	31,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$(31,778,503)	\$(18,741,461)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,244,417	445,497
Share-based compensation	4,762,477	1,492,791
Non-cash interest expense	3,954,998	203,347
Change in fair value of contingent obligations	(342,000)	7,058,700
Loss on extinguishment of debt	—	154,117
Changes in operating assets and liabilities:		
Accounts receivable	(369,445)	(2,055,256)
Inventories	—	7,500
Prepaid expenses	(811,976)	(973,812)
Accounts payable	(2,263,635)	2,273,733
Deferred revenue	(1,537,574)	23,635,860
Accrued liabilities and other current liabilities	5,575,656	724,760
Other operating assets and liabilities	32,606	(10,930,439)
Net cash (used in) provided by operating activities	(21,532,979)	3,295,337
Cash flows from investing activities:		
Purchases of plant and equipment	(1,536,948)	(323,552)
Purchases of available-for-sale securities	(34,923,535)	—
Proceeds from sale of available-for-sale securities	—	14,534,486
Net cash (used in) provided by investing activities	(36,460,483)	14,210,934
Cash flows from financing activities:		
Net proceeds from sale of equity	—	35,000,000
Proceeds from employee stock purchases and option exercises	437,074	1,108,906
Proceeds from issuance of long-term debt	—	9,000,000
Payments of debt	—	(833,334)
Payment of contingent purchase price consideration	—	(8,180,000)
Payment under a purchase agreement for in-process research and development	(1,000,000)	—
Net cash (used in) provided by financing activities	(562,926)	36,095,572
Effect of exchange rate changes on cash	184,081	(12,155)
Net (decrease) increase in cash and cash equivalents		