

Aeglea BioTherapeutics, Inc.
Form 10-Q
August 09, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 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: 001-37722

AEGLEA BIOTHERAPEUTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

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Delaware 46-4312787
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)
901 S. MoPac Expressway

Barton Oaks Plaza One

Suite 250

Austin, TX 78746
(Address of principal executive offices including
zip code)

Registrant's telephone number, including area code: (512) 942-2935

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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	Emerging growth company

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 August 3, 2018, the registrant had 21,995,032 shares of common stock, \$0.0001 par value per share, outstanding.

AEGLEA BIOTHERAPEUTICS, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2018

TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>	Page No. 1
Item 1. <u>Financial Statements (Unaudited)</u>	1
<u>Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017</u>	1
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017</u>	2
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2018 and 2017</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	14
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	23
Item 4. <u>Controls and Procedures</u>	23
<u>PART II. OTHER INFORMATION</u>	23
Item 1. <u>Legal Proceedings</u>	23
Item 1A. <u>Risk Factors</u>	23
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	62
Item 3. <u>Defaults Upon Senior Securities</u>	62
Item 4. <u>Mine Safety Disclosures</u>	62
Item 5. <u>Other Information</u>	62
Item 6. <u>Exhibits</u>	64

Signatures

65

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements. All statements other than statements of historical fact are “forward-looking statements” for purposes of this Quarterly Report on Form 10-Q. These forward-looking statements may include, but are not limited to, statements regarding our future results of operations and financial position, business strategy, market size, potential growth opportunities, clinical development activities, efficacy and safety profile of our product candidates, our ability to maintain and recognize the benefits of certain designations received by product candidates, results of pre-clinical studies and clinical trials, and the receipt and timing of potential regulatory designations, approvals and commercialization of product candidates. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “predict,” “target,” “intend,” “could,” “would,” “should,” “project,” “plan,” “expect,” and expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors” and elsewhere in this quarterly report. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this quarterly report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this report to conform these statements to actual results or to changes in our expectations, except as required by law.

As used in this Quarterly Report on Form 10-Q, the terms “Aeglea,” “the Company,” “we,” “us,” and “our” refer to Aeglea BioTherapeutics, Inc. and, where appropriate, its consolidated subsidiaries, unless the context indicates otherwise.

PART I. – FINANCIAL INFORMATION

Item 1. Financial Statements

Aeglea BioTherapeutics, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands, except share and per share amounts)

	June 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$20,579	\$12,817
Marketable securities	51,614	37,482
Accounts receivable - grant	4,281	3,078
Prepaid expenses and other current assets	2,414	1,614
Total current assets	78,888	54,991
Property and equipment, net	776	854
Other non-current assets	49	232
TOTAL ASSETS	\$79,713	\$56,077
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$952	\$389
Deferred revenue	—	20
Accrued and other current liabilities	5,223	5,220
Total current liabilities	6,175	5,629
Other non-current liabilities	91	111
TOTAL LIABILITIES	6,266	5,740
Commitments and Contingencies (Note 9)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized as of		
June 30, 2018 and December 31, 2017; no shares issued and		
outstanding as of June 30, 2018 and December 31, 2017	—	—
Common stock, \$0.0001 par value; 500,000,000 shares authorized as of	2	2
June 30, 2018 and December 31, 2017; 21,908,192 shares and		
16,670,188 shares issued and outstanding as of June 30, 2018 and		

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December 31, 2017, respectively

Additional paid-in capital	163,547	122,950
Accumulated other comprehensive loss	(56)	(102)
Accumulated deficit	(90,046)	(72,513)
TOTAL STOCKHOLDERS' EQUITY	73,447	50,337
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$79,713	\$56,077

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

Aeglea BioTherapeutics, Inc.

Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues:				
Grant	\$2,378	\$1,479	\$3,888	\$2,462
Operating expenses:				
Research and development	\$9,122	\$5,835	\$15,992	\$10,784
General and administrative	2,926	2,364	5,811	4,729
Total operating expenses	12,048	8,199	21,803	15,513
Loss from operations	(9,670)	(6,720)	(17,915)	(13,051)
Other income (expense):				
Interest income	263	100	406	195
Other expense, net	(7)	(12)	(24)	(23)
Total other income	256	88	382	172
Net loss	\$(9,414)	\$(6,632)	\$(17,533)	\$(12,879)
Net loss per share, basic and diluted	\$(0.46)	\$(0.47)	\$(0.94)	\$(0.94)
Weighted-average common shares outstanding,				
basic and diluted	20,598,711	14,114,101	18,646,265	13,742,029

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

Aeglea BioTherapeutics, Inc.

Condensed Consolidated Statements of Comprehensive Loss

(Unaudited)

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	\$ (9,414)	\$ (6,632)	\$ (17,533)	\$ (12,879)
Other comprehensive income (loss):				
Unrealized gain (loss) on marketable securities	42	8	46	(25)
Total comprehensive loss	\$ (9,372)	\$ (6,624)	\$ (17,487)	\$ (12,904)

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

Aeglea BioTherapeutics, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$(17,533)	\$(12,879)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	145	114
Purchase net discount (premium) on marketable securities	401	(40)
Net (accretion of discount) amortization of premium on marketable securities	(107)	80
Stock-based compensation	1,831	1,066
Research and development services settled with stock	41	—
Other, net	(20)	(13)
Changes in operating assets and liabilities:		
Accounts receivable-grant	(1,203)	2
Prepaid expenses and other assets	(573)	29
Accounts payable	579	340
Deferred revenue	(20)	