

DYNAVAX TECHNOLOGIES CORP  
Form 10-Q  
November 07, 2016

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, 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: 001-34207

Dynavax Technologies Corporation

(Exact name of registrant as specified in its charter)

Delaware 33-0728374  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification No.)

2929 Seventh Street, Suite 100

Berkeley, CA 94710-2753

(510) 848-5100

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(Address, including Zip Code, and telephone number, including area code, of the registrant's principal executive offices)

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 registration 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

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

As of November 1, 2016, the registrant had outstanding 38,527,660 shares of common stock.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to a number of risks and uncertainties. All statements that are not historical facts are forward-looking statements, including statements about our ability to successfully develop and timely achieve regulatory approval for HEPLISAV-B™, our business, collaboration and regulatory strategy, our intellectual property position, our product development efforts, our ability to commercialize our product candidates, including HEPLISAV-B, our ability to manufacture commercial supply and meet regulatory requirements, the timing of the introduction of our products, uncertainty regarding our capital needs and future operating results and profitability, anticipated sources of funds as well as our plans, objectives, strategies, expectations and intentions. These statements appear throughout this Quarterly Report on Form 10-Q and can be identified by the use of forward-looking language such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “future,” or “intend,” or the negative of these terms or variations or comparable terminology.

Actual results may vary materially from those in our forward-looking statements as a result of various factors that are identified in “Item 1A—Risk Factors” and “Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this document. No assurance can be given that the risk factors described in this Quarterly Report on Form 10-Q are all of the factors that could cause actual results to vary materially from the forward-looking statements. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Readers should not place undue reliance on these forward-looking statements and are cautioned that any such forward-looking statements are not guarantees of future performance. We assume no obligation to update any forward-looking statements.

This Quarterly Report on Form 10-Q includes trademarks and registered trademarks of Dynavax Technologies Corporation. Products or service names of other companies mentioned in this Quarterly Report on Form 10-Q may be trademarks or registered trademarks of their respective owners.

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## Dynavax Technologies Corporation

## Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)

	September 30, 2016 (unaudited)	December 31, 2015 (Note 1)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 23,021	\$44,812
Marketable securities available-for-sale	86,530	151,313
Accounts and other receivables	2,290	1,394
Prepaid expenses and other current assets	5,673	2,427
Total current assets	117,514	199,946
Property and equipment, net	18,739	13,804
Goodwill	2,100	2,043
Restricted cash	615	609
Other assets	330	231
Total assets	\$ 139,298	\$ 216,633
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 3,795	\$3,433
Accrued research and development	4,702	7,361
Accrued liabilities	21,988	15,337
Deferred revenues	-	2,654
Total current liabilities	30,485	28,785
Other long-term liabilities	541	769
Total liabilities	31,026	29,554
Commitments and contingencies (Note 4)		
Stockholders' equity:		
Preferred stock: \$0.001 par value; 5,000 shares authorized at September 30, 2016 and December 31, 2015; no shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	-	-
Common stock: \$0.001 par value; 69,500 shares authorized at September 30, 2016 and December 31, 2015; 38,526 and 38,446 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	39	38
Additional paid-in capital	901,075	889,698
Accumulated other comprehensive loss	(2,412 )	(2,930 )
Accumulated deficit	(790,430 )	(699,727)
Total stockholders' equity	108,272	187,079
Total liabilities and stockholders' equity	\$ 139,298	\$ 216,633

See accompanying notes.

## Dynavax Technologies Corporation

## Condensed Consolidated Statements of Operations

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Revenues:</b>				
Collaboration revenue	\$-	\$829	\$2,578	\$2,230
Grant revenue	162	359	289	608
Service and license revenue	-	-	884	527
<b>Total revenues</b>	<b>162</b>	<b>1,188</b>	<b>3,751</b>	<b>3,365</b>
<b>Operating expenses:</b>				
Research and development	23,234	24,105	66,051	66,011
General and administrative	11,766	5,524	29,086	15,481
<b>Total operating expenses</b>	<b>35,000</b>	<b>29,629</b>	<b>95,137</b>	<b>81,492</b>
<b>Loss from operations</b>	<b>(34,838)</b>	<b>(28,441)</b>	<b>(91,386)</b>	<b>(78,127)</b>
<b>Other income (expense):</b>				
Interest income	170	33	615	78
Interest expense	-	(62 )	-	(572 )
Other (expense) income, net	(26 )	17	68	360
<b>Loss on extinguishment of debt</b>	<b>-</b>	<b>(1,671 )</b>	<b>-</b>	<b>(1,671 )</b>
<b>Net loss</b>	<b>\$(34,694)</b>	<b>\$(30,124)</b>	<b>\$(90,703)</b>	<b>\$(79,932)</b>
<b>Basic and diluted net loss per share</b>	<b>\$(0.90 )</b>	<b>\$(0.82 )</b>	<b>\$(2.36 )</b>	<b>\$(2.43 )</b>
Weighted average shares used to compute basic and diluted net loss per share				