

DYNAVAX TECHNOLOGIES CORP

Form 10-Q

August 01, 2013

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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 June 30, 2013

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)

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Delaware
(State or other jurisdiction of
incorporation or organization)

33-0728374
(IRS Employer
Identification No.)

2929 Seventh Street, Suite 100

Berkeley, CA 94710-2753

(510) 848-5100

(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 July 29, 2013, the registrant had outstanding 182,987,918 shares of common stock.

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<i>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.</i>	

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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. Forward-looking statements are based on our beliefs and assumptions and on information currently available to our management. In some cases, you can identify forward-looking statements by terms such as may, will, should, could, would, expect, plan, anticipate, believe, estimate, project, predict, potential, future, intend, certain, and similar expressions intended to identify forward-looking statements. Our forward-looking statements include discussions regarding our business and financing strategies, research and development, preclinical and clinical product development efforts, intellectual property rights and ability to commercialize our product candidates, as well as the timing of the clinical development and potential regulatory approval of our products, the effect of GAAP accounting pronouncements, the potential for entry into collaborative arrangements, uncertainty regarding our future operating results and prospects for profitability, anticipated sources of funds as well as our plans, objectives, expectations and intentions. Our actual results may vary materially from those in such forward-looking statements as a result of various factors that are identified in Item 1A Risk Factors and elsewhere in this document. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. We assume no obligation to update any forward-looking statements.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****Dynavax Technologies Corporation****Condensed Consolidated Balance Sheets****(In thousands, except per share amounts)**

	June 30, 2013 (unaudited)	December 31, 2012 (Note 1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,585	\$ 7,599
Marketable securities available-for-sale	71,576	117,531
Accounts receivable	2,025	1,005
Prepaid expenses and other current assets	1,241	2,052
Total current assets	92,427	128,187
Property and equipment, net	8,038	7,965
Goodwill	2,436	2,475
Restricted cash	648	652
Other assets	463	473
Total assets	\$ 104,012	\$ 139,752
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,253	\$ 2,166
Accrued liabilities	7,307	10,063
Deferred revenues	6,346	6,785
Total current liabilities	14,906	19,014
Deferred revenues, noncurrent	3,820	5,283
Other long-term liabilities	627	629
Total liabilities	19,353	24,926
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock: \$0.001 par value; 5,000 shares authorized and no shares issued and outstanding at June 30, 2013 and December 31, 2012		
Common stock: \$0.001 par value; 350,000 and 250,000 shares authorized at June 30, 2013 and December 31, 2012, respectively; 182,988 and 182,792 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively		
	183	183
Additional paid-in capital	558,766	550,729
Accumulated other comprehensive loss:		
Unrealized gain on marketable securities available-for-sale	4	45
Cumulative translation adjustment	(814)	(640)

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Total accumulated other comprehensive loss	(810)	(595)
Accumulated deficit	(473,480)	(435,491)
Total stockholders' equity	84,659	114,826
Total liabilities and stockholders' equity	\$ 104,012	\$ 139,752

See accompanying notes.

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Dynavax Technologies Corporation
Condensed Consolidated Statements of Operations

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues:				
Collaboration revenue	\$ 1,356	\$ 1,623	\$ 2,239	\$ 2,552
Grant revenue	1,395	882	2,155	1,969
Service and license revenue	641	179	1,083	513
Total revenues	3,392	2,684	5,477	5,034
Operating expenses:				
Research and development	12,805	11,376	26,969	23,781
General and administrative	7,636	5,957	16,436	11,750
Total operating expenses	20,441	17,333	43,405	35,531
Loss from operations	(17,049)	(14,649)	(37,928)	(30,497)
Interest income	54	65	126	117
Interest expense	(27)	(589)	(59)	(1,176)
Other income (expense)	(142)	63	(128)	(59)
Net loss	\$ (17,164)	\$ (15,110)	\$ (37,989)	\$ (31,615)
Basic and diluted net loss per share	\$ (0.09)	\$ (0.09)	\$ (0.21)	\$ (0.20)
Weighted-average shares used to compute basic and diluted net loss per share	182,913	167,697	182,934	161,564

Condensed Consolidated Statements of Comprehensive Loss

(In thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net loss	(17,164)	(15,110)	(37,989)	(31,615)
Other comprehensive income (loss):				
Unrealized loss on marketable securities available-for-sale	(33)	(27)	(41)	(27)
Cumulative translation adjustment	173	(640)	(174)	(211)
Other comprehensive income (loss)	140	(667)	(215)	(238)
Total comprehensive loss	\$ (17,024)	\$ (15,777)	\$ (38,204)	\$ (31,853)

See accompanying notes.

Table of Contents**Dynavax Technologies Corporation****Condensed Consolidated Statements of Cash Flows****(In thousands)****(Unaudited)**

	Six Months Ended June 30,	
	2013	2012
Operating activities		
Net loss	\$ (37,989)	\$ (31,615)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	646	592
Gain on disposal of property and equipment	4	
Accretion of discounts and amortization of premiums of marketable securities	530	638
Interest associated with long-term note payable to Holdings		1,095
Stock compensation expense	8,002	4,391
Changes in operating assets and liabilities:		
Accounts receivable	(1,020)	8,243
Prepaid expenses and other current assets	811	(3,015)
Restricted cash and other assets	14	(69)
Accounts payable	(913)	(885)
Accrued liabilities and other long term liabilities	(2,758)	(820)
Deferred revenues	(1,902)	(2,425)
Net cash used in operating activities	(34,575)	(23,870)
Investing activities		
Purchases of marketable securities	(29,527)	(114,400)
Proceeds from maturities of marketable securities	74,911	70,085
Purchases of property and equipment, net	(828)	(1,403)
Net cash provided by (used in) investing activities	44,556	(45,718)
Financing activities		
Payments and proceeds from issuances of common stock and warrants, net of issuance costs		