

MACROGENICS INC  
Form 10-Q  
August 05, 2015

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 June 30, 2015

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: 001-36112

MACROGENICS, INC.  
(Exact name of registrant as specified in its charter)

Delaware 06-1591613  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

9640 Medical Center Drive, 20850  
Rockville, Maryland  
(Address of principal executive offices) (Zip code)

301-251-5172  
(Registrant's telephone number, including area code)

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 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 definitions of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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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

As of July 31, 2015, the number of outstanding shares of the registrant's common stock, par value \$0.01 per share, was 34,195,641 shares.

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## FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements, including, without limitation, our examination of historical operating trends, within the meaning of federal securities laws. Forward-looking statements include statements that may relate to our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. Forward-looking statements can often be identified by the use of terminology such as "subject to", "believe", "anticipate", "plan", "expect", "intend", "estimate", "project", "may", "will", "should", "would", "could", "can", the negatives thereof, variations thereon and similar expressions, or by discussions of strategy.

All forward-looking statements are based upon our current expectations and various assumptions. We believe there is a reasonable basis for our expectations and beliefs, but they are inherently uncertain. We may not realize our expectations, and our beliefs may not prove correct. Actual results could differ materially from those described or implied by such forward-looking statements. The following uncertainties and factors, among others, could affect future performance and cause actual results to differ materially from those matters expressed in or implied by forward-looking statements:

- our plans to develop and commercialize our clinical product candidates and the progress of our product development efforts;

- our intended use of our platforms and our technology expertise;

- our ongoing and planned clinical trials, including the timing of initiation of and enrollment in the trials, the timing of availability of data from the trials and the anticipated results of the trials;

- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;

- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;

- our ability to enter into new collaborations or to identify additional products or product candidates with significant commercial potential that are consistent with our commercial objectives;

- the rate and degree of market acceptance and clinical utility of our products;

- our commercialization and marketing capabilities and strategy;

- the build-out, qualification and operation of our manufacturing facilities, including the scale and production of clinical trial and potentially commercial materials;

- significant competition in our industry;

- costs of litigation and the failure to successfully defend lawsuits and other claims against us;

- economic, political and other risks associated with our international operations;

- our ability to receive research funding and achieve anticipated milestones under our collaborations;

- our intellectual property position;

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costs of compliance and our failure to comply with new and existing governmental regulations including, but not limited to, tax regulations;

loss or retirement of key members of management;

failure to successfully execute our growth strategy, including any delays in our planned future growth; and

our failure to maintain effective internal controls.

The factors, risks and uncertainties referred to above and others are more fully described under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as updated from time to time in our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Forward-looking statements should be regarded solely as our current plans, estimates and beliefs. You should not place undue reliance on forward-looking statements. The forward-looking statements contained herein represent our judgment as of the date of this report. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

MACROGENICS, INC.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and per share data)

	June 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 235,027	\$ 157,591
Accounts receivable	4,334	2,935
Prepaid expenses	3,066	4,211
Total current assets	242,427	164,737
Restricted cash	300	300
Property and equipment, net	9,412	6,785
Other assets	2,064	2,064
Total assets	\$ 254,203	\$ 173,886
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,853	\$ 1,669
Accrued expenses	8,305	7,930
Lease exit liability	1,898	1,642
Deferred revenue	10,186	14,248
Other liabilities	1,605	1,605
Total current liabilities	23,847	27,094
Lease exit liability, net of current portion	3,725	6,364
Deferred rent liability	2,220	2,670
Deferred revenue, net of current portion	12,722	16,472
Total liabilities	42,514	52,600
Stockholders' equity:		
Common stock, \$0.01 par value – 125,000,000 shares authorized, 30,123,407 and 27,995,638 shares outstanding at June 30, 2015 and December 31, 2014, respectively	301	280
Treasury stock, at cost; no shares at June 30, 2015 and 865 shares at December 31, 2014	—	(19 )
Additional paid-in capital	401,681	335,071
Accumulated deficit	(190,293 )	(214,046)
Total stockholders' equity	211,689	121,286
Total liabilities and stockholders' equity	\$ 254,203	\$ 173,886

See accompanying notes.

## MACROGENICS, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(unaudited)

(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Revenue from collaborative research	\$5,598	\$9,202	\$76,763	\$23,603
Grant revenue	1,118	18	1,232	336
Total revenues	6,716	9,220	77,995	23,939
Costs and expenses:				
Research and development	22,660	17,335	44,124	31,904
General and administrative	5,346	4,145	10,029	7,403
Total costs and expenses	28,006	21,480	54,153	39,307
Income (loss) from operations	(21,290)	(12,260)	23,842	(15,368)
Other income (expense)	(86 )	1	(89 )	1
Net comprehensive income (loss)	\$(21,376)	\$(12,259)	\$23,753	\$(15,367)
Basic net income (loss) per common share	\$(0.71 )	\$(0.44 )	\$0.80	\$(0.57 )
Diluted net income (loss) per common share	\$(0.71 )	\$(0.44 )	\$0.75	\$(0.57 )
Basic weighted average common shares outstanding				