

EXELIXIS, INC.
Form 10-Q
August 02, 2017
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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, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 000-30235

EXELIXIS, INC.

(Exact name of registrant as specified in its charter)

Delaware

04-3257395

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

210 East Grand Ave.

South San Francisco, CA 94080

(650) 837-7000

(Address, including zip code, and telephone number, including area code, of 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 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, a 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 7(a)(2)(B) of the Securities 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 July 26, 2017, there were 293,904,704 shares of the registrant's common stock outstanding.

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EXELIXIS, INC.

QUARTERLY REPORT ON FORM 10-Q

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

EXELIXIS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(unaudited)

	June 30, 2017	December 31, 2016*
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 135,212	\$ 151,686
Short-term investments	214,044	268,117
Trade and other receivables	43,125	40,444
Inventory, net	5,425	3,338
Prepaid expenses and other current assets	4,433	5,416
Total current assets	402,239	469,001
Long-term investments	26,413	55,601
Long-term restricted cash and investments	4,650	4,150
Property and equipment, net	18,684	2,071
Goodwill	63,684	63,684
Other long-term assets	862	1,232
Total assets	\$ 516,532	\$ 595,739
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,037	\$ 6,565
Accrued compensation and benefits	15,555	20,334
Accrued clinical trial liabilities	14,680	14,131
Accrued collaboration liabilities	7,919	2,046
Convertible notes	—	109,122
Term loan payable	—	80,000
Current portion of deferred revenue	31,255	19,665
Other current liabilities	21,225	16,923
Total current liabilities	97,671	268,786
Long-term portion of deferred revenue	253,663	237,094
Other long-term liabilities	16,687	541
Total liabilities	368,021	506,421
Commitments		
Stockholders' equity		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized and no shares issued	—	—
Common stock, \$0.001 par value; 400,000,000 shares authorized; issued and outstanding: 293,727,630 and 289,923,798 at June 30, 2017 and December 31, 2016, respectively	294	290
Additional paid-in capital	2,097,379	2,072,591
Accumulated other comprehensive loss	(119)	(416)
Accumulated deficit	(1,949,043)	(1,983,147)
Total stockholders' equity	148,511	89,318
Total liabilities and stockholders' equity	\$ 516,532	\$ 595,739

* The condensed consolidated balance sheet as of December 31, 2016 has been derived from the audited financial statements as of that date.

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

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EXELIXIS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Net product revenues	\$88,004	\$31,618	\$156,881	\$40,717
Collaboration revenues	11,004	4,634	23,014	10,962
Total revenues	99,008	36,252	179,895	51,679
Operating expenses:				
Cost of goods sold	3,014	1,560	6,217	2,245
Research and development	28,214	22,984	51,424	51,910
Selling, general and administrative	40,727	35,823	74,987	70,680
Restructuring (recovery) charge	(60)	1,021	(32)	1,115
Total operating expenses	71,895	61,388	132,596	125,950
Income (loss) from operations	27,113	(25,136)	47,299	(74,271)
Other expense, net:				
Interest income and other, net	1,622	749	2,690	951
Interest expense	(4,259)	(10,451)	(8,679)	(20,741)
Loss on extinguishment of debt				