

IDERA PHARMACEUTICALS, INC.

Form 10-Q

November 06, 2017

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended September 30, 2017

or

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

For transition period from                      to                      .

Commission File Number: 001-31918

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IDERA PHARMACEUTICALS, INC.

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(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	04-3072298 (I.R.S. Employer Identification No.)
167 Sidney Street Cambridge, Massachusetts (Address of principal executive offices)	02139 (Zip code)

(617) 679-5500

(Registrant's telephone number, including area code)

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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. (Check one):

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

Common Stock, par value \$.001 per share	194,870,303
Class	Outstanding as of November 1, 2017

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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, or the Exchange Act. All statements, other than statements of historical fact, included or incorporated in this report regarding our strategy, future operations, clinical trials, collaborations, intellectual property, cash resources, financial position, future revenues, projected costs, prospects, plans, and objectives of management are forward-looking statements. The words “believes,” “anticipates,” “estimates,” “plans,” “expects,” “intends,” “may,” “could,” “should,” “potential,” “likely,” “prudent,” “will,” and “would” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. There are a number of important factors that could cause our actual results to differ materially from those indicated or implied by forward-looking statements. These important factors include those set forth under Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which was filed with the Securities and Exchange Commission, or the SEC, on March 15, 2017. These factors and the other cautionary statements made in this Quarterly Report on Form 10-Q should be read as being applicable to all related forward-looking statements whenever they appear in this Quarterly Report on Form 10-Q. In addition, any forward-looking statements represent our estimates only as of the date that this Quarterly Report on Form 10-Q is filed with the SEC, and should not be relied upon as representing our estimates as of any subsequent date. We do not assume any obligation to update any forward-looking statements. We disclaim any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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## PART I — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## IDERA PHARMACEUTICALS, INC.

## CONDENSED BALANCE SHEETS

(UNAUDITED)

(In thousands, except per share amounts)	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 63,941	\$ 80,667
Short-term investments	1,400	28,347
Prepaid expenses and other current assets	3,669	2,030
Total current assets	69,010	111,044
Property and equipment, net	1,412	1,853
Restricted cash and other assets	327	334
Total assets	\$ 70,749	\$ 113,231
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 849	\$ 556
Accrued expenses	6,119	7,394
Current portion of note payable	285	292
Current portion of deferred revenue	563	1,111
Total current liabilities	7,816	9,353
Deferred revenue, net of current portion	94	152
Note payable, net of current portion	—	209
Other liabilities	759	168
Total liabilities	8,669	9,882
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, Authorized — 5,000 shares:		
Series A convertible preferred stock; Designated — 1,500 shares, Issued and outstanding — 1 share	—	—
Common stock, \$0.001 par value, Authorized — 280,000 shares; Issued and outstanding — 149,680 and 149,065 shares at September 30, 2017 and	150	149

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December 31, 2016, respectively		
Additional paid-in capital	651,498	641,687
Accumulated deficit	(589,568)	(538,470)
Accumulated other comprehensive loss	—	(17)
Total stockholders' equity	62,080	103,349
Total liabilities and stockholders' equity	\$ 70,749	\$ 113,231

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

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IDERA PHARMACEUTICALS, INC.

## CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(UNAUDITED)

(In thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Alliance revenue	\$ 164	\$ 323	\$ 729	\$ 918
Operating expenses:				
Research and development	10,912	9,393	40,288	28,817
General and administrative	3,919	3,907	11,888	11,601
Total operating expenses	14,831	13,300	52,176	40,418
Loss from operations	(14,667)	(12,977)	(51,447)	(39,500)
Other income (expense):				
Interest income	159	90	456	320
Interest expense	(11)	(19)	(40)	(63)
Foreign currency exchange (loss) gain	(11)	3	(27)	32
Net loss	\$ (14,530)	\$ (12,903)	\$ (51,058)	\$ (39,211)
Basic and diluted net loss per common share (Note 14)	\$ (0.10)	\$ (0.10)	\$ (0.34)	\$ (0.32)
Shares used in computing basic and diluted net loss per common share	149,638	121,389	149,385	121,332
Net loss	\$ (14,530)	\$ (12,903)	\$ (51,058)	\$ (39,211)
Other comprehensive gain (loss):				
Unrealized (loss) gain on available-for-sale securities	(1)	13	17	