

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 every Interactive Data File required to be submitted 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 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.

Large accelerated filer	Accelerated filer
Non-accelerated filer	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

As of January 31, 2019, the registrant had 19,441,584 shares of common stock, \$0.01 par value per share, outstanding.

ENANTA PHARMACEUTICALS, INC.

FORM 10-Q — Quarterly Report

For the Quarterly Period Ended December 31, 2018

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or Form 10-Q, contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” or similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about overall trends, royalty revenue trends, research and clinical development plans, liquidity and capital needs and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends and similar expressions. These forward-looking statements are based on our management’s current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management’s beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Form 10-Q may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under “Risk Factors” and discussed elsewhere in this Form 10-Q. These forward-looking statements speak only as of the date of this Form 10-Q. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this Form 10-Q.

PART I—FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
ENANTA PHARMACEUTICALS, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except per share amounts)

	December 31, 2018	September 30, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$74,365	\$63,902
Short-term marketable securities	271,423	244,828
Accounts receivable	69,886	67,205
Prepaid expenses and other current assets	7,636	4,454
Total current assets	423,310	380,389
Long-term marketable securities	11,465	16,389
Property and equipment, net	9,493	8,374
Deferred tax assets	9,248	8,375
Restricted cash	608	608
Other long-term assets	92	92
Total assets	\$454,216	\$414,227
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$5,622	\$4,745
Accrued expenses and other current liabilities	11,152	9,892
Income taxes payable	5,858	1,388
Total current liabilities	22,632	16,025
Series 1 nonconvertible preferred stock	1,628	1,628
Other long-term liabilities	3,121	2,895
Total liabilities	27,381	20,548
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock; \$0.01 par value per share, 100,000 shares authorized; 19,435 and 19,395 shares issued and outstanding at December 31, 2018 and September 30, 2018, respectively	194	194
Additional paid-in capital	283,530	276,526
Accumulated other comprehensive loss	(257)	(398)
Retained earnings	143,368	117,357
Total stockholders' equity	426,835	393,679

Total liabilities and stockholders' equity	\$454,216	\$414,227
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The accompanying notes are an integral part of these consolidated financial statements.

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ENANTA PHARMACEUTICALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share amounts)

	Three Months Ended December 31,	
	2018	2017
Revenue		
Royalties	\$69,886	\$23,109
Milestones	—	15,000
Total revenue	69,886	38,109
Operating expenses:		
Research and development	34,878	17,962
General and administrative	7,152	5,770
Total operating expenses	42,030	23,732
Income from operations	27,856	14,377
Other income (expense):		
Interest income (expense), net	1,885	919
Change in fair value of warrant liability and Series 1 nonconvertible preferred stock	—	41
Total other income (expense), net	1,885	960
Income before income taxes	29,741	15,337
Income tax expense	(3,730)	(3,644)
Net income	\$26,011	\$11,693
Net income per share:		
Basic	\$1.34	\$0.61
Diluted	\$1.25	\$0.59
Weighted average shares outstanding:		