

LA JOLLA PHARMACEUTICAL CO
Form 10-Q
July 27, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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

For the transition period from to

Commission file number: 1-36282

LA JOLLA PHARMACEUTICAL COMPANY
(Exact name of registrant as specified in its charter)

California 33-0361285
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

10182 Telesis Court, 6th Floor, San Diego, CA 92121
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (858) 207-4264

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

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 7(a)(2)(B) of the Securities Act.

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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 21, 2017, La Jolla Pharmaceutical Company had 22,123,456 shares of common stock, \$0.0001 par value per share, outstanding.

LA JOLLA PHARMACEUTICAL COMPANY
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QUARTERLY REPORT

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

LA JOLLA PHARMACEUTICAL COMPANY

Condensed Consolidated Balance Sheets

(in thousands, except share and par value amounts)

	June 30, 2017	December 31, 2016
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 141,317	\$ 65,726
Restricted cash	910	200
Prepaid expenses and other current assets	1,775	1,505
Total current assets	144,002	67,431
Property and equipment, net	4,585	3,145
Other assets	—	219
Total assets	\$ 148,587	\$ 70,795
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,920	\$ 6,652
Accrued clinical and other expenses	488	1,029
Accrued payroll and related expenses	1,863	2,077
Total current liabilities	8,271	9,758
Shareholders' equity:		
Common Stock, \$0.0001 par value; 100,000,000 shares authorized, 22,123,456 and 18,261,557 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	2	2
Series C-1 ² Convertible Preferred Stock, \$0.0001 par value; 11,000 shares authorized, 3,906 shares issued and outstanding at June 30, 2017 and December 31, 2016, and liquidation preference of \$3,906 at June 30, 2017 and December 31, 2016	3,906	3,906
Series F Convertible Preferred Stock, \$0.0001 par value; 10,000 shares authorized, 2,737 shares issued and outstanding at June 30, 2017 and December 31, 2016, and liquidation preference of \$2,737 at June 30, 2017 and December 31, 2016	2,737	2,737
Additional paid-in capital	790,351	661,103
Accumulated deficit	(656,680)	(606,711)
Total shareholders' equity	140,316	61,037
Total liabilities and shareholders' equity	\$ 148,587	\$ 70,795

See accompanying notes to the condensed consolidated financial statements.

LA JOLLA PHARMACEUTICAL COMPANY
 Unaudited Condensed Consolidated Statements of Operations
 (in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30	
	2017	2016	2017	2016
Revenue				
Contract revenue - related party	\$—	\$253	\$—	\$487
Total revenue	—	253	—	487
Expenses				
Research and development	20,808	12,404	38,573	25,119
General and administrative	6,022	3,466	11,525	7,519
Total expenses	26,830	15,870	50,098	32,638
Loss from operations	(26,830)	(15,617)	(50,098)	(32,151)
Other income, net	101	51	129	104
Net loss	\$(26,729)	\$(15,566)	\$(49,969)	\$(32,047)
Basic and diluted net loss per share	\$(1.21)	\$(0.90)	\$(2.46)	\$(1.86)
Weighted average common shares outstanding - basic and diluted	22,123	17,211	20,277	17,211

See accompanying notes to the condensed consolidated financial statements.

LA JOLLA PHARMACEUTICAL COMPANY
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Six Months Ended June 30,	
	2017	2016
Operating activities		
Net loss	\$(49,969)	