

METABASIS THERAPEUTICS INC  
Form 10-Q  
November 15, 2004

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

---

**FORM 10-Q**

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

**For the quarterly period ended September 30, 2004.**

OR

**o** **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 000-50785**

**METABASIS THERAPEUTICS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**33-0753322**  
(I.R.S. Employer Identification No.)

Edgar Filing: METABASIS THERAPEUTICS INC - Form 10-Q

**9390 Towne Centre Drive,  
Building 300, San Diego, CA**  
(Address of principal executive offices)

**92121**  
(Zip code)

**(858) 587-2770**

(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 is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).  Yes  No

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, as of November 5, 2004 was 18,138,163

---

**METABASIS THERAPEUTICS, INC.**

**FORM 10-Q**

**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2004**

**TABLE OF CONTENTS**

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Balance Sheets at September 30, 2004 (Unaudited) and December 31, 2003

Condensed Statements of Operations for the Three and Nine Months Ended September 30, 2004 and 2003 (Unaudited)

Condensed Statements of Cash Flows for the Nine Months Ended September 30, 2004 and 2003 (Unaudited)

Notes to Condensed Financial Statements (Unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

PART II - OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 6. Exhibits

SIGNATURES

## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## Metabasis Therapeutics, Inc.

## Condensed Balance Sheets

(In thousands, except share and par value data)

	September 30, 2004 (Unaudited)	December 31, 2003 (Note)
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 32,811	\$ 11,017
Short-term investments, available-for-sale	16,220	14,240
Accounts receivable	442	957
Other current assets	1,194	466
Total current assets	50,667	26,680
Property and equipment, net	2,225	1,727
Prepaid offering costs		504
Other assets	50	199
Total assets	\$ 52,942	\$ 29,110
<b>Liabilities and stockholders equity</b>		
Current liabilities:		
Accounts payable	\$ 840	\$ 767
Accrued liabilities	2,376	2,502
Deferred rent	81	
Deferred revenue, current portion	427	458
Current portion of capital lease obligations, net of discount	804	611
Total current liabilities	4,528	4,338
Deferred rent		122
Other long-term liabilities	3	4
Capital lease obligations, net of current portion and discount	1,392	1,209
Stockholders equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized:		
Convertible preferred stock, \$.001 par value; 5,000,000 and 74,765,759 shares authorized at September 30, 2004 (unaudited) and December 31, 2003, respectively; 0 and 63,631,738 shares issued and outstanding at September 30, 2004 (unaudited) and December 31, 2003, respectively.		64
Common stock, \$.001 par value; 100,000,000 and 129,840,390 shares shares authorized at September 30, 2004 (unaudited) and December 31, 2003, respectively; 18,138,163 and 1,772,608 shares issued and outstanding at September 30, 2004 (unaudited) and December 31, 2003, respectively.	18	2
Additional paid-in capital	98,435	65,255

Edgar Filing: METABASIS THERAPEUTICS INC - Form 10-Q

Deferred compensation	(5,819)	(5,485)
Accumulated deficit	(45,590)	(36,393)
Accumulated other comprehensive loss	(25)	(6)
Total stockholders' equity	47,019	23,437
Total liabilities and stockholders' equity	\$ 52,942	\$ 29,110

*See accompanying notes.*

Note: The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

## Metabasis Therapeutics, Inc.

## Condensed Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Revenues:				
Sponsored research	\$ 344	\$	\$ 1,032	\$
Milestones			4,500	1,000
License fees	125	5,768	375	7,590
Other revenue	1	69	504	213
Total revenues	470	5,837	6,411	8,803
Operating expenses:				
Research and development	4,222	3,870	11,978	11,103
General and administrative	977	761	2,570	2,085
Amortization of employee stock- based compensation	439	65		