

CATABASIS PHARMACEUTICALS INC  
Form 10-Q  
August 10, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 10-Q**

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(Mark One)

**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: 001-37467

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## Catabasis Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**26-3687168**  
(IRS Employer  
Identification No.)

**One Kendall Square**  
**Bldg. 1400E, Suite B14202**  
**Cambridge, Massachusetts**  
(Address of Principal Executive Offices)

**02139**  
(Zip Code)

**(617) 349-1971**

(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 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:

Large accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company)

Accelerated filer   
Smaller reporting company   
Emerging growth company

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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 accounting standards provided pursuant to Section 13(a) of the Exchange Act.  X

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 31, 2017, there were 22,481,735 shares of the registrant's Common Stock, par value \$0.001 per share, outstanding.

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**CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management and expected market growth are forward-looking statements. The words anticipate, believe, continue, could, estimate, expect, intend, may, plan, potential, should, target, would and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

These forward-looking statements include, among other things, statements about:

- our plans to identify, develop and commercialize novel therapeutics based on our SMART Linkers<sup>SM</sup> drug discovery platform;
- our plans to continue to evaluate data from the open label extension of our MoveDMD<sup>®</sup> clinical trial of edasalonexent for the treatment of Duchenne muscular dystrophy and to announce a Phase 3 clinical trial plan for edasalonexent in Duchenne muscular dystrophy;
- ongoing and planned clinical trials for edasalonexent and other product candidates, whether conducted by us or by any future collaborators, including the timing of initiation of these trials and of the anticipated results;
- our plans to enter into collaborations for the development and commercialization of product candidates;
- the potential benefits of any future collaboration;
- our ability to receive research and development funding and achieve anticipated milestones under any future collaborations;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- the rate and degree of market acceptance and clinical utility of any products for which we receive marketing approval;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our intellectual property position and strategy;
- our ability to identify additional products or product candidates with significant commercial potential;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- developments relating to our competitors and our industry; and

- the impact of government laws and regulations.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. We have included important factors in the cautionary statements included in this Quarterly Report on Form 10-Q, particularly in the Risk Factors section, that could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, collaborations, joint ventures or investments that we may make or enter into.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Catabasis Pharmaceuticals, Inc.****Condensed Consolidated Balance Sheets**

(In thousands, except share and per share data)

*(Unaudited)*

	<b>June, 30 2017</b>	<b>December 31, 2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 29,369	\$ 23,596
Available-for-sale securities		14,931
Prepaid expenses and other current assets	892	1,001
Total current assets	30,261	39,528
Property and equipment, net	442	568
Restricted cash	113	113
Total assets	\$ 30,816	\$ 40,209
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 2,055	\$ 1,405
Accrued expenses	2,796	3,677
Current portion of notes payable, net of discount	3,278	3,243
Total current liabilities	8,129	8,325
Deferred rent, net of current portion		53
Notes payable, net of current portion and discount	831	2,479
Other liability	306	266
Total liabilities	9,266	11,123
Commitments (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share, 5,000,000 shares authorized and no shares issued and outstanding		
Common stock, \$0.001 par value per share, 150,000,000 shares authorized; 22,481,735 and 18,817,572 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	22	19
Additional paid-in capital	180,448	173,141
Accumulated other comprehensive loss		(4)
Accumulated deficit	(158,920)	(144,070)
Total stockholders' equity	21,550	29,086
Total liabilities and stockholders' equity	\$ 30,816	\$ 40,209

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



Table of Contents**Catabasis Pharmaceuticals, Inc.****Condensed Consolidated Statements of Operations**

(In thousands, except share and per share data)

*(Unaudited)*

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Operating expenses:</b>				
Research and development	\$ 4,519	\$ 6,818	\$ 9,917	\$ 13,254
General and administrative	2,400	2,578	4,763	5,348
Total operating expenses	6,919	9,396	14,680	18,602
Loss from operations	(6,919)	(9,396)	(14,680)	(18,602)
<b>Other (expense) income:</b>				
Interest expense	(127)	(220)	(276)	(463)
Interest and investment income	44	80	83	133
Other income, net	28	91	23	69
Total other expense, net	(55)	(49)	(170)	(261)