

# VERSARTIS, INC.

## **FORM 8-K** (Current report filing)

Filed 10/26/17 for the Period Ending 10/26/17

Address	4200 BOHANNON DRIVE SUITE 250 MENLO PARK, CA, 94025
Telephone	6509638580
CIK	0001513818
Symbol	VSAR
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported): October 26, 2017**

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**Versartis, Inc.**

(Exact name of registrant as specified in its charter)

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

**001-36361**  
(Commission  
File Number)

**26-4106690**  
(IRS Employer  
Identification No.)

**1020 Marsh Road**  
**Menlo Park, CA 94025**  
(Address of principal executive offices, including zip code)

**(650) 963-8580**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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.

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**Item 2.02 Results of Operation and Financial Condition**

On October 26, 2017, Versartis, Inc. (the “Company”) issued a press release announcing its financial results for the three- and nine-month periods ended September 30, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in this Item 2.02 and in the press release attached as Exhibit 99.1 to this Current Report on Form 8-K shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained in this Item 2.02 and in the press release attached as Exhibit 99.1 to this Current Report on Form 8-K shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

The following exhibit is furnished with this Current Report on Form 8-K.

Exhibit No.	Description
99.1	<a href="#">Press Release, issued by Versartis, Inc. on October 26, 2017.</a>

## INDEX TO EXHIBITS

Exhibit  
No. Description

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99.1 [Press Release, issued by Versartis, Inc. on October 26, 2017.](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 26, 2017 VERSARTIS, INC.(Registrant) By: /s/ Joshua Brumm Joshua Brumm Chief Operating Officer & Chief Financial Officer

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## **Versartis Reports Third Quarter 2017 Financial Results and Provides Corporate Update**

Menlo Park, Calif., October 26, 2017 -- Versartis, Inc. (NASDAQ:VSAR), an endocrine-focused biopharmaceutical company, today announced financial results for the third quarter ended September 30, 2017, and provided a corporate update.

"In response to the disappointing outcome of the VELOCITY trial last month, we have been working diligently to understand the results and determine appropriate next steps for the company," said Jay Shepard, President and CEO of Versartis, Inc. "While we are exploring our options and the potential viability of moving somavaratan forward, we are implementing a restructuring plan to significantly reduce our costs and preserve cash. We have also begun a parallel process to identify opportunities to diversify our pipeline, including possible strategic transactions, with the aim of leveraging the company's expertise and resources to create value for shareholders."

### **Corporate Update**

- Analysis of VELOCITY Phase 3 trial results continues in order to assess the viability of further development of somavaratan for growth hormone deficiency (GHD)
- All ongoing clinical trials of somavaratan will conclude by the end of 2017; the VISTA long-term safety study in pediatric GHD will conclude at the end of October; further clinical development of somavaratan in adult GHD is on hold
- Dialogue ongoing with Teijin, Versartis' partner for Japan, as data are analyzed further; J14VR5 Phase 3 study in Japan is being discontinued
- Completed reduction in work force of approximately two thirds and further cost-cutting measures underway to preserve cash
- Select members of management team retained to leverage clinical, regulatory, and commercial expertise in the evaluation of somavaratan and efforts to identify opportunities to diversify the Versartis pipeline
- Cowen engaged to assist in evaluating possible strategic transactions that could maximize the company's expertise and resources

### **Third Quarter 2017 Financial Results**

For the third quarter ended September 30, 2017, Versartis reported a net loss of approximately \$49.8 million, or \$1.40 per share, basic and diluted, compared to a net loss for the quarter ended September 30, 2016 of \$27.3 million, or \$0.92 per share, basic and diluted.

Total operating expenses for the quarter ended September 30, 2017 were \$49.7 million, compared to \$27.4 million for the quarter ended September 30, 2016.

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Research and development (R&D) expenses for the quarter ended September 30, 2017 were \$42.7 million, compared to \$20.7 million for the quarter ended September 30, 2016. The increase in R&D expenses was primarily due to estimated fees associated with the expected cancellation of certain of our supplier contracts, including those with our contract manufacturers.

General and administrative (G&A) expenses for the quarter ended September 30, 2017 were \$7.1 million, compared to \$6.8 million for the quarter ended September 30, 2016. The increase in G&A expenses was primarily due to an increase in professional services expenses.

Total operating expenses for the quarter ended September 30, 2017 include non-cash stock-based compensation expense of \$3.7 million, compared to \$2.7 million of non-cash stock-based compensation expense for the quarter ended September 30, 2016.

Total operating expenses for the nine months ended September 30, 2017 were \$115.6 million, compared to \$73.8 million for the nine months ended September 30, 2016. R&D expenses for the nine months ended September 30, 2017 were \$93.3 million, compared with \$55.3 million for the nine months ended September 30, 2016, reflecting an increase in clinical and manufacturing costs to support the global VELOCITY pediatric trial and our Phase 2/3 trial of somavaratan in pediatric patients in Japan, as well as the estimated fees associated with the expected cancellation of certain of our supplier contracts noted above. G&A expenses for the nine months ended September 30, 2017 were \$22.3 million, compared to \$18.6 million for the nine months ended September 30, 2016. The increase was attributable to additional payroll, consulting, and professional services expenses to support our year over year growth.

Total operating expenses for the nine months ended September 30, 2017 include non-cash stock-based compensation expense of \$11.1 million, compared to \$8.0 million of non-cash stock-based compensation expense for the nine months ended September 30, 2016.

Cash and cash equivalents were \$118.8 million as of September 30, 2017.

### **Cautionary Note on Forward-Looking Statements**

This press release contains forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements regarding our intentions or current expectations concerning, among other things the potential for additional development and eventual regulatory approval of somavaratan; the possibility of diversifying our pipeline by licensing or otherwise acquiring additional product candidates; and the potential for a strategic transaction with another public or private company with complementary assets and expertise. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results and events to differ materially from those anticipated. We discuss many of these risks in greater detail under the heading "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our Quarterly Report on Form 10-Q for the three months ended June 30, 2017 which are on file with the Securities and Exchange Commission (SEC). Forward-looking statements are not guarantees of future performance, and our actual results may differ materially from the forward-looking statements contained in this press release. Any forward-looking statements that we make in this press release speak only as of the date of this press release and we assume no obligation to update them after the date of this press release.

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**Contacts:**

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**Versartis, Inc.**  
**Condensed Consolidated Statement of Operations**  
**(Unaudited)**  
( in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
<b>Operating expenses</b>				
Research and development	\$ 42,673	\$ 20,664	\$ 93,295	\$ 55,253
General and administrative	7,073	6,752	22,301	18,575
Total operating expenses	49,746	27,416	115,596	73,828
Loss from operations	(49,746)	(27,416)	(115,596)	(73,828)
Interest income	220	120	661	354
Other income (expense), net	(262)	(39)	(1,044)	(210)
Net loss before provision for income taxes	(49,788)	(27,335)	(115,979)	(73,684)
Provision for income taxes	-	-	128	-
Net loss	(49,788)	(27,335)	(116,107)	(73,684)
Net loss per share- basic and diluted	\$ (1.40)	\$ (0.92)	\$ (3.29)	\$ (2.50)
Weighted-average common shares used to compute basic and diluted net loss per share	35,680	29,574	35,336	29,495

**Versartis, Inc.**  
**Condensed Consolidated Balance Sheet**  
**(Unaudited)**  
(in thousands, except per share amounts)

	September 30, 2017	December 31, 2016
<b>Assets:</b>		
Cash and cash equivalents	\$ 118,783	\$ 201,153
Other assets	7,836	4,417
Build-to-suit lease asset	8,952	-
<b>Total assets</b>	<b>\$ 135,571</b>	<b>\$ 205,570</b>
<b>Liabilities and stockholders' equity:</b>		
Accounts payable and other current liabilities	\$ 40,903	\$ 14,503
Upfront payment from collaboration partner	40,000	40,000
Build-to-suit lease obligation	5,428	-
Total liabilities	86,331	54,503
Total stockholders' equity	49,240	151,067
<b>Total liabilities and stockholders' equity</b>	<b>\$ 135,571</b>	<b>\$ 205,570</b>