

Novocure Ltd  
Form 10-Q  
July 27, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(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 001-37565

NovoCure Limited

(Exact Name of Registrant as Specified in Its Charter)

Jersey 98-1057807  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

Le Masurier House

La Rue Le Masurier

St. Helier, Jersey JE2 4YE

(Address of principal executive offices)

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+44 (0) 15 3475 6700

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

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 (§232.405 of this chapter) 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, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding as of July 20, 2017
Ordinary shares, no par value	89,002,575 Shares



## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical facts or statements of current condition, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements contained in this report are based on our current plans, expectations, hopes, beliefs, intentions or strategies concerning future developments and their impact on us. Forward-looking statements contained in this report constitute our expectations or forecasts of future events as of the date this report was filed with the Securities and Exchange Commission and are not statements of historical fact. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Such statements may include words such as “anticipate,” “will,” “estimate,” “expect,” “project,” “intend,” “should,” “plan,” “believe” and other words and terms of similar meaning in connection with any discussion of, among other things, future operating or financial performance, strategic initiatives and business strategies, regulatory or competitive environments, our intellectual property and delivery system research and development. In particular, these forward-looking statements include, among others, statements about:

- our research and development, clinical trial and commercialization activities and projected expenditures;
- the further commercialization of Optune®, our first Tumor Treating Fields (“TTFIELDS”) delivery system, and our other TTFIELDS delivery system candidates;
- our business strategies and the expansion of our sales and marketing efforts in the United States and in other countries;
- the market acceptance of Optune and our other TTFIELDS delivery systems by patients, physicians, third-party payers and others in the healthcare and scientific community;
- our plans to pursue the use of TTFIELDS for the treatment of other solid tumor cancers;
- our estimates regarding revenues, expenses, capital requirements and needs for additional financing;
- our ability to obtain regulatory approvals for additional indications and any future TTFIELDS delivery systems;
- our ability to acquire the supplies needed to manufacture our TTFIELDS delivery systems from third-party suppliers;
- our ability to manufacture adequate supply;
- our ability to secure adequate coverage from third-party payers to reimburse us for Optune or future TTFIELDS delivery systems;
- our ability to maintain and develop our intellectual property position;
- our cash needs;
- our ongoing legal proceedings and tax audits; and
- our prospects, financial condition and results of operations.

These forward-looking statements involve a number of risks and uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Factors which may cause such differences to occur include those risks and uncertainties set forth under Part I, Item 1A., “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as well as other risks and uncertainties set forth from time to time in the reports we file with the U.S. Securities and Exchange Commission. We do not intend to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

## TRADEMARKS

This Quarterly Report on Form 10-Q includes trademarks of NovoCure Limited and other persons. All trademarks or trade names referred to herein are the property of their respective owners.



NovoCure Limited

Quarterly Report on Form 10-Q

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## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements

## NOVOCURE LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2017 Unaudited	December 31, 2016 Audited
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 80,190	\$ 99,780
Short-term investments	104,186	119,854
Restricted cash	1,537	267
Trade receivables	13,888	6,339
Receivables and prepaid expenses	11,544	10,084
Inventories	25,147	25,549
Total current assets	236,492	261,873
<b>LONG-TERM ASSETS:</b>		
Property and equipment, net	9,621	9,812
Field equipment, net	9,061	8,808
Severance pay fund	102	88
Other long-term assets	1,766	1,500
Total long-term assets	20,550	20,208
<b>TOTAL ASSETS</b>	<b>\$ 257,042</b>	<b>\$ 282,081</b>

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

## NOVOCURE LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share data)

	June 30, 2017 Unaudited	December 31, 2016 Audited
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$ 13,161	\$ 18,356
Other payables and accrued expenses	22,010	18,526
Total current liabilities	35,171	36,882
<b>LONG-TERM LIABILITIES:</b>		
Long-term loan, net of discount and issuance costs	96,765	96,231
Employee benefit liabilities	2,679	2,590
Other long-term liabilities	4,882	4,033
Total long-term liabilities	104,326	102,854
<b>TOTAL LIABILITIES</b>	<b>139,497</b>	<b>139,736</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital -	-	-
Ordinary shares no par value, unlimited shares authorized; issued and outstanding:		
88,630,205 shares and 87,066,446 shares at June 30, 2017 (unaudited) and		
December 31, 2016, respectively		
Additional paid-in capital	679,099	664,154
Accumulated other comprehensive loss	(1,739 )	(1,883 )
Accumulated deficit	(559,815)	(519,926)
Total shareholders' equity	117,545	142,345
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 257,042</b>	<b>\$ 282,081</b>

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





## NOVOCURE LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands (except share and per share data)

	Three months ended		Six months ended		Year ended
	June 30, 2017 Unaudited	2016	June 30, 2017 Unaudited	2016	December 31, 2016 Audited
Net revenues	\$38,376	\$17,919	\$73,256	\$30,972	\$82,888
Cost of revenues	13,152	9,797	24,816	17,779	39,870
Impairment of field equipment	-	6,412	-	6,412	6,412
Gross profit	25,224	1,710	48,440	6,781	36,606
Operating costs and expenses:					
Research, development and clinical trials	9,371	11,318	18,782	22,763	41,467
Sales and marketing	16,360	14,598	31,116	27,906	59,449
General and administrative	15,023	13,031	27,445	25,287	51,007
Total operating costs and expenses	40,754	38,947	77,343	75,956	151,923
Operating loss	(15,530 )	(37,237 )	(28,903 )	(69,175 )	(115,317 )
Financial expenses, net	(2,183 )	(555 )	(4,629 )	(1,104 )	(6,147 )
Loss before income tax expense	(17,713 )	(37,792 )	(33,532 )	(70,279 )	(121,464 )
Income tax expense	3,461	2,820	5,687	5,770	10,381
Net loss	\$(21,174 )	\$(40,612 )	\$(39,219 )	\$(76,049 )	\$(131,845 )
Basic and diluted net loss per ordinary share	\$(0.24 )	\$(0.48 )	\$(0.45 )	\$(0.90 )	\$(1.54 )
Weighted average number of ordinary shares used in					
computing basic and diluted net loss per share	88,218,868	85,274,683	87,835,926	84,843,028	85,558,448

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

U.S. dollars in thousands

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	Three months ended		Six months ended		Year ended
	June 30,	2016	June 30,	2016	December 31, 2016
	Unaudited		Unaudited		Audited
Net loss	\$(21,174)	\$(40,612)	\$(39,219)	\$(76,049)	\$(131,845)
Other comprehensive income (loss), net of tax :					
Change in foreign currency translation adjustments	1	56	10	56	10
Pension benefit plan	183	235	134	(235 )	(388 )
Total comprehensive loss	\$(20,990)	\$(40,321)	\$(39,075)		