Onconova Therapeutics, Inc.
Form 10-Q
August 14, 2018
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

Or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-36020

Onconova Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**22-3627252**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
375 Pheasant Run, Newtown, PA	**18940**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(267) 759-3680**

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. x Yes o 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). x Yes o 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 the 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 o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x
	Emerging growth company x

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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). o Yes x No

The number of outstanding shares of the registrant s Common Stock, par value $0.01 per share, as of August 1, 2018 was 85,111,774.

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ONCONOVA THERAPEUTICS, INC.

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FOR THE QUARTER ENDED JUNE 30, 2018

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Onconova Therapeutics, Inc.

Condensed Consolidated Balance Sheets

	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 29,540,000	$ 4,024,000
Receivables	72,000	59,000
Prepaid expenses and other current assets	545,000	820,000
Total current assets	30,157,000	4,903,000
Property and equipment, net	34,000	64,000
Other non-current assets	12,000	12,000
Total assets	$ 30,203,000	$ 4,979,000
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	$ 5,949,000	$ 6,186,000
Accrued expenses and other current liabilities	3,572,000	3,335,000
Deferred revenue	455,000	455,000
Total current liabilities	9,976,000	9,976,000
Warrant liability	448,000	1,773,000
Deferred revenue, non-current	3,864,000	4,091,000
Total liabilities	14,288,000	15,840,000
Commitments and contingencies		
Stockholders equity:		
Preferred stock, $0.01 par value, 5,000,000 authorized at June 30, 2018 and December 31, 2017, none issued and outstanding at June 30, 2018 and December 31, 2017		
Common stock, $0.01 par value, 250,000,000 and 25,000,000 authorized at June 30, 2018 and December 31, 2017, 85,111,774 and 10,771,163 shares issued and outstanding at June 30, 2018 and December 31, 2017	851,000	108,000
Additional paid in capital	385,966,000	350,514,000
Accumulated other comprehensive income	(5,000)	3,000
Accumulated deficit	(370,897,000)	(362,316,000)
Total Onconova Therapeutics, Inc. stockholders equity (deficit)	15,915,000	(11,691,000)
Non-controlling interest		830,000
Total stockholders equity (deficit)	15,915,000	(10,861,000)
Total liabilities and stockholders equity (deficit)	$ 30,203,000	$ 4,979,000

See accompanying notes to condensed consolidated financial statements.

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Onconova Therapeutics, Inc.

Condensed Consolidated Statements of Operations (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	$ 485,000	$ 324,000	$ 1,049,000	$ 534,000
Operating expenses:				
General and administrative	2,054,000	1,779,000	3,943,000	3,895,000
Research and development	4,070,000	4,614,000	8,647,000	9,500,000
Total operating expenses	6,124,000	6,393,000	12,590,000	13,395,000
Loss from operations	(5,639,000)	(6,069,000)	(11,541,000)	(12,861,000)
Gain on dissolution of GBO	693,000		693,000	
Change in fair value of warrant liability	513,000	3,474,000	1,325,000	1,925,000
Other income, net	112,000	11,000	112,000	11,000
Net loss	(4,321,000)	(2,584,000)	(9,411,000)	(10,925,000)
Net loss attributable to non-controlling interest	(163,000)		(163,000)	
Net loss attributable to Onconova Therapeutics, Inc.	$ (4,484,000)	$ (2,584,000)	$ (9,574,000)	$ (10,925,000)
Net loss per share, basic and diluted	$ (0.07)	$ (0.29)	$ (0.25)	$ (1.38)
Basic and diluted weighted average shares outstanding	61,056,072	8,999,125	38,224,211	7,891,408

See accompanying notes to condensed consolidated financial statements.

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Onconova Therapeutics, Inc.

Condensed Consolidated Statements of Comprehensive Loss (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net loss	$ (4,321,000)	$ (2,584,000)	$ (9,411,000)	$ (10,925,000)
Other comprehensive income (loss), before tax:				
Foreign currency translation adjustments, net	(16,000)	16,000	(8,000)	21,000
Other comprehensive income (loss), net of tax	(16,000)	16,000	(8,000)	21,000
Comprehensive loss	(4,337,000)	(2,568,000)	(9,419,000)	(10,904,000)
Comprehensive loss attributable to non-controlling interest	(163,000)		(163,000)	
Comprehensive loss attributable to Onconova Therapeutics, Inc.	$ (4,500,000)	$ (2,568,000)	$ (9,582,000)	$ (10,904,000)

See accompanying notes to condensed consolidated financial statements.

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Onconova Therapeutics, Inc.

Consolidated Statement of Stockholders (Deficit) Equity (unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid in Capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Non-controlling interest	Total
Balance at December 31, 2017	10,771,163	$ 108,000	$ 350,514,000	$ (362,316,000)	$ 3,000	$ 830,000	$ (10,861,000)
Net loss				(9,574,000)		163,000	(9,411,000)
Other comprehensive loss					(8,000)		(8,000)
Stock-based compensation			538,000				538,000
Dissolution of GBO				993,000		(993,000)	
Issuance of common stock and pre-funded warrants, net	63,233,708	632,000	34,436,000				35,068,000
Issuance of common stock upon exercise of warrants	11,106,903	111,000	478,000				589,000
Balance at June 30, 2018	85,111,774	$ 851,000	$ 385,966,000	$ (370,897,000)	$ (5,000)	$	$ 15,915,000

See accompanying notes to condensed consolidated financial statements.

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Onconova Therapeutics, Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)

	Six Months ended June 30,	
	2018	**2017**
Operating activities:		
Net loss	$ (9,411,000)	$ (10,925,000)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	30,000	47,000
Loss on asset disposal		
Change in fair value of warrant liabilities	(1,325,000)	(1,925,000)
Stock compensation expense	538,000	902,000
Gain on dissolution of GBO	(693,000)	
Changes in assets and liabilities:		
Receivables	(13,000)	(202,000)
Prepaid expenses and other current assets	275,000	877,000
Accounts payable	456,000	358,000
Accrued expenses and other current liabilities	237,000	(654,000)
Deferred revenue	(227,000)	(227,000)
Net cash used in operating activities	(10,133,000)	(11,749,000)
Investing activities:		
Net cash provided by investing activities		
Financing activities:		
Proceeds from the sale of common stock and warrants, net of costs	35,068,000	5,317,000
Proceeds from the exercise of warrants	589,000	
Net cash provided by financing activities	35,657,000	5,317,000
Effect of foreign currency translation on cash	(8,000)	21,000
Net increase (decrease) in cash and cash equivalents	25,516,000	(6,411,000)
Cash and cash equivalents at beginning of period	4,024,000	21,400,000
Cash and cash equivalents at end of period	$ 29,540,000	$ 14,989,000

See accompanying notes to condensed consolidated financial statements.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Nature of Business

The Company

Onconova Therapeutics, Inc. (the Company) was incorporated in the State of Delaware on December 22, 1998 and commenced operations on January 1, 1999. The Company s headquarters are located in Newtown, Pennsylvania. The Company is a clinical-stage biopharmaceutical company focused on discovering and developing novel small molecule product candidates primarily to treat cancer. Using its proprietary chemistry platform, the Company has created an extensive library of targeted anti-cancer agents designed to work against specific cellular pathways that are important to cancer cells. The Company believes that the product candidates in its pipeline have the potential to be efficacious in a variety of cancers. The Company has three clinical-stage product candidates and several preclinical programs. In 2011, the Company entered into a license agreement, as subsequently amended, with SymBio Pharmaceuticals Limited (SymBio), which grants SymBio certain rights to commercialize rigosertib in Japan and Korea. On March 2, 2018, the Company entered into a License, Development and Commercialization Agreement with Pint International SA (which, together with its affiliate Pint Pharma GmbH, are collectively referred to as Pint). Under the terms of the agreement, the Company granted Pint an exclusive, royalty-bearing license, with the right to sublicense, under certain Company patent rights and know-how to develop and commercialize any pharmaceutical product containing rigosertib in all uses of rigosertib in certain Latin America countries. In 2012, the Company entered into a development and license agreement with Baxter Healthcare SA, the predecessor in interest to Baxalta GmbH (together with its affiliates, Baxalta), pursuant to which the Company granted an exclusive, royalty-bearing license for the research, development, commercialization and manufacture (in specified instances) of rigosertib in all therapeutic indications in Europe. The Baxalta agreement terminated effective August 30, 2016, at which time the rights the Company licensed to Baxalta reverted to the Company at no cost. The Company has retained development and commercialization rights to rigosertib in the rest of the world, including the United States. During 2012, Onconova Europe GmbH was established as a wholly owned subsidiary of the Company for the purpose of further developing business in Europe. In December 2017, the Company entered into a license and collaboration agreement with HanX Biopharmaceuticals, Inc. (HanX), a company focused on development of novel oncology products, for the further development, registration and commercialization of ON 123300 in Greater China. ON 123300 is a preclinical compound which the Company believes has the potential to overcome the limitations of current generation CDK 4/6 inhibitors. The key feature of the collaboration is that HanX will provide all funding required for future Chinese IND enabling studies necessary for filing an IND with the Chinese Food and Drug Administration. The studies would be conducted to meet the Good Laboratory Practice (GLP) requirements of the FDA such that the Company could simultaneously file an IND with the US FDA. The Company and HanX will oversee the IND enabling studies. The Company will maintain global rights to ON 123300 outside of China. In April 2013, GBO, LLC, a Delaware limited liability company, (GBO) was formed pursuant to an agreement with GVK Biosciences Private Limited, a private limited company located in India, (GVK) to collaborate and develop two programs using the Company s technology platform. The two preclinical programs sublicensed to GBO were not developed to clinical stage as initially hoped, and GBO was dissolved in June 2018.

On March 21, 2018, the Company amended its certificate of incorporation to increase the number of authorized shares of common stock par value $0.01 per share from 25,000,000 to 100,000,000. On June 7, 2018, the Company amended its certificate of incorporation again to increase the number of authorized shares of common stock, par value $0.01 per share, from 100,000,000 to 250,000,000.

At the Company s Annual Meeting of Stockholders on June 27, 2018, the Company s stockholders approved a proposal to amend the Company s Tenth Amended and Restated Certificate of Incorporation, as amended, to effect a reverse stock split of its common stock, par value $0.01 per share, at a ratio of between 1 for 5 and 1 for 15, with the Company s Board of Directors having the sole discretion to effect the reverse stock split at any time within 90 days after the Annual Meeting, to fix the specific ratio for the reverse stock split so long as it is within the range approved by the stockholders, and to abandon the amendment prior to its effectiveness. The Board of Directors has not set an effective date or ratio for the reverse split.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Liquidity

The Company has incurred recurring operating losses since inception. For the six months ended June 30, 2018, the Company incurred a net loss of $9,411,000 and as of June 30, 2018 the Company had generated an accumulated deficit of $370,897,000. The Company anticipates operating losses to continue for the foreseeable future due to, among other things, costs related to research, development of its product candidates and its preclinical programs, strategic alliances and its administrative organization. At June 30, 2018, the Company had cash and cash equivalents of $29,540,000. The Company will require substantial additional financing to fund its ongoing clinical trials and operations, and to continue to execute its strategy.

From its inception through July 2013, the Company raised capital through the private issuance of preferred stock. On July 30, 2013, the Company completed its initial public offering (the IPO) of 594,167 shares of Common Stock, at a price of $150.00 per share. The Company received net proceeds of $79,811,000 from the sale, net of underwriting discounts and commissions and other estimated offering expenses. Immediately prior to the consummation of the IPO, all outstanding shares of preferred stock automatically converted into shares of Common Stock at the applicable conversion ratio then in effect. From the IPO through December 31, 2016, the Company closed on several offerings which included Common Stock and warrants. Total net proceeds from these offerings was approximately $24.9 million.

On April 26, 2017 the Company closed on an underwritten public offering of 2,476,190 shares of Common Stock. On May 17, 2017, the Company sold an additional 363,580 shares as a result of the underwriter s exercise of its over-allotment option. Net proceeds from these transactions were approximately $5.3 million. (See Note 13)

On November 14, 2017 the Company closed on a registered direct offering to select accredited investors of 920,000 shares of common stock. Net proceeds were approximately $1.1 million. (See Note 13)

On February 12, 2018 the Company closed on an offering of units of common stock and warrants. The Company issued 7,005,000 shares of common stock, pre-funded warrants to purchase 2,942,500 share of common stock, and preferred stock warrants to purchase 1,044,487.5 shares of Series A convertible preferred stock. Each share of Series A convertible preferred stock is convertible into ten shares of common stock. Net proceeds were approximately $8.7 million. (See Note 13)

On May 1, 2018 the Company closed on an offering of units of common stock and warrants. The Company issued 55,411,763 shares of common stock, pre-funded warrants to purchase 12,235,295 shares of common stock, and preferred stock warrants to purchase 1,691,176.450 shares of Series B convertible preferred stock. Each share of Series B convertible preferred stock is convertible into 40 shares of common stock. Net proceeds were approximately $25.6 million. (See Note 13)

The Company has and may continue to delay, scale-back, or eliminate certain of its research and development activities and other aspects of its operations until such time as the Company is successful in securing additional funding. The Company continues to explore various dilutive and non-dilutive sources of funding, including equity financings, strategic alliances, business development and other sources. The future success of the Company is dependent upon its ability to obtain additional funding. There can be no assurance, however, that the Company will be successful in obtaining such funding in sufficient amounts, on terms acceptable to the Company, or at all. The Company currently anticipates that current cash and cash equivalents will be sufficient to meet its anticipated cash requirements into the fourth quarter of 2019.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

2. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP) for interim financial information. Certain information and footnotes normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). The financial statements include the consolidated accounts of the Company, its wholly-owned subsidiary, Onconova Europe GmbH, and GBO. All significant intercompany transactions have been eliminated.

Unaudited Interim Financial Information

The accompanying condensed consolidated balance sheet as of June 30, 2018, the condensed consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2018 and 2017, the consolidated statement of stockholders (deficit) equity for the six months ended June 30, 2018 and the condensed consolidated statements of cash flows for the six months ended June 30, 2018 and 2017 are unaudited. The interim unaudited condensed consolidated financial statements have been prepared on the same basis as the annual audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company s financial position as of June 30, 2018, the results of its operations for the three and six months ended June 30, 2018 and 2017, and its cash flows for the six months ended June 30, 2018 and 2017. The financial data and other information disclosed in these notes related to the three and six months ended June 30, 2018 and 2017 are unaudited. The results for the three and six months ended June 30, 2018 are not necessarily indicative of results to be expected for the year ending December 31, 2018, any other interim periods, or any future year or period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2017 included in the Company s annual report on Form 10-K filed with the SEC on March 16, 2018.

Segment Information

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company views its operations and manages its business in one segment, which is the identification and development of oncology therapeutics.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

2. Summary of Significant Accounting Policies (Continued)

Significant Accounting Policies

The Company s significant accounting policies are disclosed in the audited consolidated financial statements for the year ended December 31, 2017 included in the Company s annual report on Form 10-K filed with the SEC on March 16, 2018. Since the date of such financial statements, there have been no changes to the Company s significant accounting policies.

Fair Value Measurements

The carrying amounts reported in the accompanying consolidated financial statements for cash and cash equivalents, accounts payable, and accrued liabilities approximate their respective fair values because of the short-term nature of these accounts. The fair value of the warrant liability is discussed in Note 7, Fair Value Measurements.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* (ASC 606), which the Company adopted effective January 1, 2018 using the modified retrospective method. There was no material impact to our financial position and results of operations as a result of the adoption. The Company applies ASC 606 to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments. In accordance with ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that it will collect the consideration it is entitled to in exchange for the goods and services it transfers to the customer. At contract inception, the Company assesses the goods or services promised within each contract that falls under the scope of ASC 606, determines those that are performance obligations and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Company derives revenue from collaboration and licensing agreements and from the sale of products associated with material transfer, collaboration and supply agreements.

License, Collaboration and Other Revenues

The Company enters into licensing and collaboration agreements, under which it licenses certain of its product candidates rights to third parties. The Company recognizes revenue related to these agreements in accordance with ASC 606. The terms of these arrangements typically include payment of one or more of the following: non-refundable, up-front license fees; development, regulatory and commercial milestone payments; and royalties on net sales of the licensed product.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligation under each of its agreements, the Company performs the five steps described above. As part of the accounting for these arrangements, the Company must develop assumptions that require judgment to determine the stand-alone selling price, which may include forecasted revenues, development timelines, reimbursement of personnel costs, discount rates and probabilities of technical and regulatory success.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

2. Summary of Significant Accounting Policies (Continued)

Licensing of Intellectual Property: If the license to the Company s intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenue from non-refundable, up-front fees allocated to the license when the license is transferred to the licensee and the licensee is able to use and benefit from the license. For licenses that are bundled with other performance obligations, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, up-front-fees. The Company evaluates the measure of progress each reporting period, and, if necessary, adjusts the measure of performance and related revenue recognition.

Milestone Payments: At the inception of each arrangement that includes development milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal will not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Company or the licensees, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which the Company recognizes revenue as or when the performance obligations under the contract are satisfied. At the end of each subsequent reporting period, the Company re-evaluates the probability of achievement of such development milestones and any related constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and earnings in their period of adjustment.

Manufacturing supply services. Arrangements that include a promise for future supply of drug substance or drug product for either clinical development or commercial supply at the customer s discretion are generally considered as options. The Company assesses if these options provide material rights to the licensee and if so, they are accounted for as separate performance obligations. If the Company is entitled to additional payments when the customer exercises these options, any additional payments are recorded when the customer obtains control of the goods, which is upon shipment.

Royalties: For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and for which the license is deemed to be the predominant item to which royalties relate, the Company recognizes

revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some of all of the royalty has been allocated has been satisfied (or partially satisfied). To date, the Company has not recognized any royalty revenue from its license agreements.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued guidance which supersedes much of the current guidance for leases. The new standard requires lessees to recognize a right-of-use asset and a lease liability on their balance sheets for all the leases with terms greater than twelve months. Based on certain criteria, leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the income statement. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients primarily focused on leases that commenced before the effective date of the new guidance, including continuing to account for leases that commence before the effective date in accordance with previous guidance, unless the lease is modified. The Company is evaluating the impact of the adoption of the standard on its consolidated financial statements.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

2. Summary of Significant Accounting Policies (Continued)

In November 2016, the FASB issued guidance requiring that amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance is effective for interim and annual periods beginning in 2018 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Company adopted this guidance effective December 31, 2017. Restricted Cash was $50,000 at December 31 2017, 2016 and 2015. The adoption did not have a material impact on the Company s consolidated financial statements and related disclosures.

3. Revenue

The Company s revenue during the three and six months ended June 30, 2018 and 2017 was from its license and collaboration agreements with SymBio, HanX and Pint (See Note 10).

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Symbio				
Upfront license fee recognition over time	$ 113,000	$ 113,000	$ 227,000	$ 227,000
Supplies	53,000	211,000	53,000	307,000
Hanx				
Upfront license payment			450,000	
Pint				
Upfront license payment	319,000		319,000	
	$ 485,000	$ 324,000	$ 1,049,000	$ 534,000

Deferred revenue is as follows:

Symbio
Upfront Payment

Deferred balance at December 31, 2017	$	4,546,000
Recognition to revenue		227,000
Deferred balance at June 30, 2018	$	4,319,000

See Note 10, License and Collaboration Agreements, for a further discussion of the agreements with SymBio and HanX.

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Onconova Therapeutics, Inc.

Notes to Condensed Consolidated Financial Statements (Continued)

(Unaudited)

4. Net Loss Per Share of Common Stock

The following potentially dilutive securities outstanding at June 30, 2018 and 2017 have been excluded from the computation of diluted weighted average shares outstanding, as they would be antidilutive (reflects the number of common shares as if the dilutive securities had been converted to common stock):

	June 30,	
	2018	**2017**
Warrants	85,882,596	3,294,771
Stock options	1,089,821	921,320
	86,972,417	4,216,091

5. Warrants

Common Stock warrants are accounted for in accordance with applicable accounting guidance provided in ASC Topic 815, *Derivatives and Hedging Contracts in Entity s Own Equity* (ASC Topic 815), as either derivative liabilities or as equity instruments depending on the specific terms of the warrant agreement. Some of the Company s warrants are classified as liabilities because in certain circumstances they could require cash settlement.

Warrants outstanding and warrant activity (reflects the number of common shares as if the warrants were converted to common stock) for the six months ended June 30, 2018 is as follows:

Description	**Classification**	**Exercise Price**	**Expiration Date**	**Balance Decemeber 31, 2017**	**Warrants Issued**	**Warrants Exercised**	**Warrants**	**Balance June 30,**