# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, DC 20549**

# FORM 8-K

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

Date of Report (Date of earliest event Reported): **May 8, 2018**

# THERAVANCE BIOPHARMA, INC.

(Exact Name of Registrant as Specified in its Charter)

| **Cayman Islands** | **001-36033** | **98-1226628** |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (I.R.S. Employer Identification Number) |

**PO Box 309**
**Ugland House, South Church Street**
**George Town, Grand Cayman, Cayman Islands KY1-1104**
**(650) 808-6000**
(Addresses, including zip code, and telephone numbers, including area code, of principal executive offices)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o 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 o

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

**Item 2.02. Results of Operations and Financial Condition.**

On May 8, 2018, Theravance Biopharma, Inc. issued a press release and is holding a conference call regarding its financial results for the quarter ended March 31, 2018 and a business update. A copy of the press release is furnished as Exhibit 99.1 to this Current Report and a copy of materials that will accompany the call is furnished as Exhibit 99.2 to this Current Report.

The information in Item 2.02 and in Item 9.01 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act of 1934"), or otherwise subject to the liabilities of that Section, nor shall it be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| | |
|---|---|
| 99.1 | Press Release dated May 8, 2018 |
| 99.2 | Slide deck entitled 1Q 2018 Financial Results and Business Update dated May 8, 2018 |



**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release dated May 8, 2018 |
| 99.2 | Slide deck entitled 1Q 2018 Financial Results and Business Update dated May 8, 2018 |



**SIGNATURE**

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

**THERAVANCE BIOPHARMA, INC.**

Date: May 8, 2018

By: /s/ Renee D. Gala
Renee D. Gala
Senior Vice President and Chief Financial Officer

**Theravance Biopharma, Inc. Reports First Quarter 2018 Financial Results and Provides Business Update**

***Focusing on Advancement of Highest Priority Programs***

**DUBLIN, IRELAND — MAY 8, 2018 —** Theravance Biopharma, Inc. ("Theravance Biopharma" or the "Company") (NASDAQ: TBPH) today reported financial results for the first quarter ended March 31, 2018. Revenue for the first quarter of 2018 was $8.3 million. The Company's first quarter operating loss was $65.0 million or $51.0 million excluding share-based compensation expense. Cash, cash equivalents, and marketable securities totaled $435.5 million as of March 31, 2018 and includes the $100 million upfront payment associated with the global development and commercialization agreement with Janssen Biotech, Inc. (Janssen) for TD-1473.

Rick E Winningham, Chairman and Chief Executive Officer, commented: "We are very pleased with our achievements in the first quarter of 2018, led by our global collaboration with Janssen for the development and commercialization of TD-1473 in inflammatory intestinal diseases. As we look to the remainder of 2018, we are enhancing our focus on the most important strategic priorities for the Company, which are those programs where we think there is the greatest opportunity to create transformational medicines. For revefenacin, our commercial readiness activities are underway in anticipation of approval in the US for COPD later this year. With TD-1473 for ulcerative colitis and Crohn's disease and TD-9855 for neurogenic orthostatic hypotension, we are advancing two highly differentiated assets through mid-stage development. In research, we are preparing to progress a novel inhaled JAK inhibitor for serious respiratory diseases into the clinic. These assets, combined with our strong balance sheet and emerging cash flows from our economic interest in Trelegy Ellipta, position us to advance all segments of our business — from research to commercial — with the goal of creating transformational medicines."

**Program Updates**

- Trelegy Ellipta (first once-daily single inhaler triple therapy for chronic obstructive pulmonary disease (COPD))[1]: GSK reported first quarter 2018 net sales of $14.6 million; Theravance Biopharma entitled to approximately 5.5% to 8.5% of worldwide net sales of the product
    - U.S. Food and Drug Administration (FDA) approved an expanded indication of Trelegy Ellipta for treatment of a broader population of COPD patients with airflow limitation or who have experienced an acute worsening of respiratory symptoms
    - Expanded indication based on the positive results of the landmark 10,355 patient IMPACT study, which was recently published in the *New England Journal of Medicine*
    - Boxed warning removed from Trelegy Ellipta prescribing information
- Velusetrag (TD-5108; 5-HT4 agonist): Collaboration partner Alfasigma S.p.A. (Alfasigma), which funded majority of Phase 2 gastroparesis program costs, has exercised its option to develop and commercialize velusetrag
    - Alfasigma opt-in decision results in $10 million payment to Company and right to receive future potential development, regulatory and sales milestone payments and royalties



    - Theravance Biopharma has elected not to pursue further development of velusetrag, based on the Company's planned pipeline investments and in light of the current FDA requirement that a chronically administered gastroparesis product in this class complete a large Phase 3 safety study
    - Global rights to develop, manufacture and commercialize velusetrag will transfer to Alfasigma, under the terms of the existing collaboration agreement
- Revefenacin (TD-4208, nebulized long-acting muscarinic antagonist (LAMA)): Mid-cycle review meeting with FDA is complete
    - FDA reiterated no Advisory Committee meeting planned for revefenacin
    - Prescription Drug User Fee Act (PDUFA) date remains on track as November 13, 2018

**Anticipated Near-Term Milestones and Events**

- TD-1473 (intestinally restricted pan-Janus kinase (JAK) inhibitor): Initiations of Phase 2 induction study in Crohn's disease and Phase 2b/3 induction and maintenance study in ulcerative colitis planned in the second half of 2018
- TD-9855 (norepinephrine serotonin reuptake inhibitor (NSRI)): Data from exploratory Phase 2a study in patients with symptomatic neurogenic orthostatic hypotension (nOH) by end of July 2018
- Revefenacin (TD-4208, nebulized long-acting muscarinic antagonist (LAMA)): Potential regulatory approval in the US for COPD, with assigned PDUFA date of November 13, 2018
- Novel inhaled JAK inhibitor: Progression into first-in-human studies in late 2018 or early 2019
- Trelegy Ellipta[1]: Potential label expansion in EU expected in 2018, supported by submission of IMPACT data to European Medicines Agency; completion of Phase 3 CAPTAIN study in asthma patients expected in early 2019

*Notes:*

*[1] As reported by Glaxo Group Limited or one of its affiliates (GSK); reported sales converted to USD; economic interest related to Trelegy Ellipta (the combination of fluticasone furoate, umeclidinium, and vilanterol, (FF/UMEC/VI), jointly developed by GSK and Innoviva, Inc.) entitles Company to upward tiering payments equal to approximately 5.5% to 8.5% on worldwide net sales of the product*

**First Quarter Financial Results**

Revenue

Revenue for the first quarter of 2018 was $8.3 million, comprised of revenue from collaborative arrangements and US net product sales of VIBATIV®. This represents an increase of $5.2 million over the same period in 2017. The increase is primarily related to revenue recognized from the non-refundable, upfront payment associated with the global development and commercialization agreement with Janssen for TD-1473, which will be recognized over the course of the TD-1473 Phase 2 program.



Research and Development (R&D) Expenses

R&D expenses for the first quarter of 2018 were $47.8 million, compared to $40.6 million in the same period in 2017. The increase is primarily due to an increase in employee-related costs, share-based compensation and allocated expenses. First quarter R&D expenses include non-cash share-based compensation of $6.6 million.

Selling, General and Administrative (SG&A) Expenses

SG&A expenses for the first quarter of 2018 were $24.7 million, compared to $20.8 million in the same period in 2017. The increase is primarily due to higher expenses in G&A related to external-related expenses, employee-related costs, and share-based compensation. First quarter SG&A expenses include non-cash share-based compensation of $7.4 million.

Cash, Cash Equivalents and Marketable Securities

Cash, cash equivalents and marketable securities, excluding restricted cash, totaled $435.5 million as of March 31, 2018. This amount includes the $100 million upfront payment associated with the global development and commercialization agreement with Janssen and excludes $10.0 million payment from Alfasigma associated with exercise of its option for velusetrag.

2018 Financial Guidance

The Company’s guidance on operating loss excluding non-cash share-based compensation for the full year of 2018 remains unchanged at $180.0 to $200.0 million. The actual amount could be above or below this forecast as a result of a variety of factors impacting the business, including the amount of revenue recognized in 2018 related to the global collaboration agreement with Janssen (currently expected to be less than $25 million), the timing and cost of clinical studies associated with Company’s key programs, and net product sales of VIBATIV®. The Company’s financial guidance for 2018 does not include income related to Trelegy Ellipta.

Conference Call and Live Webcast Today at 5:00 pm ET

Theravance Biopharma will hold a conference call and live webcast accompanied by slides today at 5:00 pm ET. To participate in the live call by telephone, please dial (855) 296-9648 from the US, or (920) 663-6266 for international callers, and use the confirmation code 5379419. Those interested in listening to the conference call live via the internet may do so by visiting Theravance Biopharma’s website at www.theravance.com, under the Investor Relations section, Presentations and Events. Please go to the website 15 minutes prior to the start of the call to register, download, and install any necessary audio software.

A replay of the conference call will be available on Theravance Biopharma’s website for 30 days through June 7, 2018. An audio replay will also be available through 8:00 pm ET on May 15, 2018 by dialing (855) 859-2056 from the U.S., or (404) 537-3406 for international callers, and then entering confirmation code 5379419.

**About Theravance Biopharma**

Theravance Biopharma, Inc. (“Theravance Biopharma”) is a diversified biopharmaceutical company with the core purpose of creating medicines that help improve the lives of patients suffering from serious illness.



In our relentless pursuit of this objective, we strive to apply insight and innovation at each stage of our business, including research, development and commercialization, and utilize both internal capabilities and those of partners around the world. Our research efforts are focused in the areas of inflammation and immunology. Our research goal is to design localized medicines that target diseased tissues, without systemic exposure, in order to maximize patient benefit and minimize risk. These efforts leverage years of experience in developing localized medicines for the lungs to treat respiratory disease. The first potential medicine to emerge from our research focus on immunology and localized treatments is an oral, intestinally restricted pan-Janus kinase (JAK) inhibitor, currently in development to treat a range of inflammatory intestinal diseases. Our pipeline of internally discovered product candidates will continue to evolve with the goal of creating transformational medicines to address the significant needs of patients.

In addition, we have an economic interest in future payments that may be made by Glaxo Group or one of its affiliates (GSK) pursuant to its agreements with Innoviva, Inc. relating to certain programs, including Trelegy Ellipta.

For more information, please visit www.theravance.com.

THERAVANCE®, the Cross/Star logo, and VIBATIV® are registered trademarks of the Theravance Biopharma group of companies. Trademarks, trade names or service marks of other companies appearing on this press release are the property of their respective owners.

This press release contains and the conference call will contain certain "forward-looking" statements as that term is defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, statements relating to goals, plans, objectives, expectations and future events. Theravance Biopharma intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Examples of such statements include statements relating to: the Company's strategies, plans and objectives, the Company's regulatory strategies and timing of clinical studies (including the data therefrom), the potential characteristics, benefits and mechanisms of action of the Company's product and product candidates, the Company's expectations for product candidates through development, potential regulatory approval and commercialization (including their potential as components of combination therapies and their differentiation from other products or potential products), product sales and the Company's expectations for its 2018 operating loss, excluding share-based compensation. These statements are based on the current estimates and assumptions of the management of Theravance Biopharma as of the date of the press release and the conference call and are subject to risks, uncertainties, changes in circumstances, assumptions and other factors that may cause the actual results of Theravance Biopharma to be materially different from those reflected in the forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, among others, risks related to: delays or difficulties in commencing, enrolling or completing clinical studies, the potential that results from clinical or non-clinical studies indicate the Company's product candidates are unsafe or ineffective (including when our product candidates are studied in combination with other compounds), risks that product candidates do not obtain approval from regulatory authorities, the feasibility of undertaking future clinical trials for our product candidates based on policies and feedback from regulatory authorities, dependence on third parties to conduct clinical studies, delays or failure to achieve and maintain regulatory approvals for product candidates, risks of collaborating with or relying on third parties to



discover, develop, manufacture and commercialize products, and risks associated with establishing and maintaining sales, marketing and distribution capabilities with appropriate technical expertise and supporting infrastructure. Other risks affecting Theravance Biopharma are described under the heading "Risk Factors" contained in Theravance Biopharma's Form 10-K filed with the Securities and Exchange Commission (SEC) on February 28, 2018 and Theravance Biopharma's other filings with the SEC. In addition to the risks described above and in Theravance Biopharma's filings with the SEC, other unknown or unpredictable factors also could affect Theravance Biopharma's results. No forward-looking statements can be guaranteed and actual results may differ materially from such statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Theravance Biopharma assumes no obligation to update its forward-looking statements on account of new information, future events or otherwise, except as required by law.

**Contact Information:**

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Head of Investor Relations
650-808-4045
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**THERAVANCE BIOPHARMA, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except per share data)**

| | Three Months Ended March 31, | |
|---|---|---|
| | 2018 | 2017 |
| | (Unaudited) | |
| Revenue: | | |
| Product sales | $ 3,679 | $ 3,050 |
| Revenue from collaborative arrangements | 4,640 | 37 |
| Total revenue | 8,319 | 3,087 |
| | | |
| Costs and expenses: | | |
| Cost of goods sold | 826 | 565 |
| Research and development (1) | 47,765 | 40,565 |
| Selling, general and administrative (1) | 24,704 | 20,786 |
| Total costs and expenses | 73,295 | 61,916 |
| Loss from operations | (64,976) | (58,829) |
| Interest expense | (2,137) | (2,137) |
| Interest and other income | 2,170 | 1,030 |
| Loss before income taxes | (64,943) | (59,936) |
| Provision for income taxes | 144 | 5,383 |
| Net loss | $ (65,087) | $ (65,319) |
| | | |
| Net loss per share: | | |
| Basic and diluted net loss per share | $ (1.22) | $ (1.27) |
| Shares used to compute basic and diluted net loss per share | 53,256 | 51,617 |

(1) Amounts include share-based compensation expense as follows:

| (In thousands) | Three Months Ended March 31, 2018 | 2017 |
|---|---|---|
| Research and development | $ 6,559 | $ 5,101 |
| Selling, general and administrative | 7,439 | 5,168 |
| Total share-based compensation expense | $ 13,998 | $ 10,269 |



**THERAVANCE BIOPHARMA, INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands)**

| | March 31, 2018 (Unaudited) | December 31, 2017 (1) |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents and short-term marketable securities | $ 418,531 | $ 348,566 |
| Receivables from collaborative arrangements | 2,845 | 7,109 |
| Prepaid taxes | 926 | 291 |
| Other prepaid and current assets | 7,299 | 5,953 |
| Inventories | 17,217 | 16,830 |
| Property and equipment, net | 10,329 | 10,157 |
| Long-term marketable securities | 16,999 | 41,587 |
| Tax receivable | 3,324 | 8,191 |
| Restricted cash | 833 | 833 |
| Other assets | 1,805 | 1,883 |
| Total assets | $ 480,108 | $ 441,400 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities | 105,179 | 62,552 |
| Long-term liabilities | 311,522 | 263,670 |
| Shareholders' equity | 63,407 | 115,178 |
| Total liabilities and shareholders' equity | $ 480,108 | $ 441,400 |

(1) The condensed consolidated balance sheet at December 31, 2017 has been derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Theravance Biopharma

Medicines That Make a Difference®

# Theravance Biopharma, Inc. (NASDAQ: TBPH)

## 1Q 2018 Financial Results and Business Update

May 8, 2018

# Cautionary Statement Regarding Forward-Looking Statements

Under the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995, the company cautions investors that any forward-looking statements or projections made by the company are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements or projections.

Examples of forward-looking statements in this presentation include statements relating to the company's the Company's strategies, plans and objectives, including financial and operating results, sales targets, the Company's regulatory strategies, timing and results of clinical studies, the potential characteristics, benefits and mechanisms of action of the Company's product and product candidates and the Company's expectations for product candidates through development, potential regulatory approval and commercialization.

The company's forward-looking statements are based on the estimates and assumptions of management as of the date of this presentation and are subject to risks, uncertainties, changes in circumstances, assumptions and other factors that may cause the actual results to be materially different than those from those reflected in the forward-looking statements, such as risks related to delays or difficulties in commencing, enrolling or completing clinical studies, the potential that results from clinical or non-clinical studies indicate product candidates are unsafe or ineffective, risks that product candidates do not obtain approval from regulatory authorities, the feasibility of undertaking future clinical trials for our product candidates based on policies and feedback from regulatory authorities, delays or failure to achieve and maintain regulatory approvals for product candidates, risks of collaborating with or relying on third parties to discover, develop, conduct clinical studies, manufacture and commercialize products and risks associated with establishing and maintaining sales, marketing and distribution capabilities.

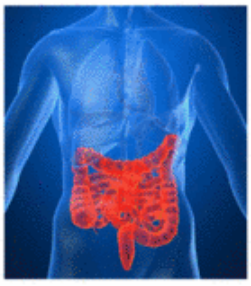
Other risks affecting the company are described under the heading "Risk Factors" and elsewhere in the company's Form 10-K filed with the Securities and Exchange Commission (SEC) on February 28, 2018, and other periodic reports filed with the SEC. In addition to the risks described above and in Theravance Biopharma's filings with the SEC, other unknown or unpredictable factors also could affect Theravance Biopharma's results.

# Portfolio Advancements in Early 2018

## TD-1473 (JAK Inhibitor)

**Pact with global leader in Immunology**

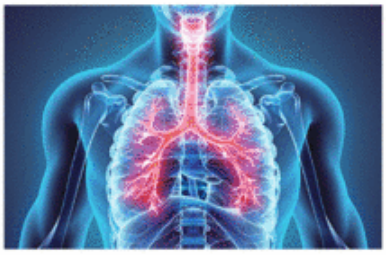
Global collaboration with Janssen Biotech in inflammatory intestinal disease



## Revefenacin (LAMA)

**Progress towards approval**

NDA accepted by FDA
Assigned PDUFA date November 13, 2018



**Economic interest in Trelegy serves as an important strategic asset[1]**

- ✓ Promising initial launch by GSK following approvals in US and EU in late 2017
- ✓ Expanded indication approved by FDA, supported by data from IMPACT study
- ✓ Entitled to upward-tiering royalty of 5.5% - 8.5% of worldwide net sales

[1] All statements based on publically available information. Approved in US for the treatment of COPD and for the treatment of appropriate patients with COPD in EU.
TBPH holds 85% economic interest in upward tiering royalty stream of 6.5% – 10% payable by GSK
JAK = Janus kinase. LAMA = long-acting muscarinic antagonist. PDUFA = Prescription Drug User Fee Act



Theravance Biopharma

# Velusetrag in Gastroparesis

- Partnered with Alfasigma, which funded majority of Phase 2 program for gastroparesis velusetrag
- Dialogue with US and EU regulatory authorities complete
- Alfasigma has exercised its option to develop and commercialize velusetrag

## Decisions within existing collaboration agreement

| Alfasigma<br>*Opts in to continue development* | Theravance Biopharma<br>*Will not pursue development* |
|---|---|
| As a result of decision:<br>• $10M payment to Theravance Biopharma<br>• Plus right to receive future potential milestones and royalties | Decision driven by:<br>• Planned pipeline investment strategy<br>• Current FDA requirement for a large Phase 3 safety study for chronic use |

- Theravance Biopharma transferring global rights for velusetrag to Alfasigma under terms of existing collaboration agreement

# Enhancing Focus on Strategic Priorities in 2018

*Commitment to developing transformational medicines*

| | | |
|---|---|---|
| Opportunities to Create Transformational Medicines | Revefenacin | Nebulized LAMA in COPD (PDUFA date November 13, 2018) |
| | TD-1473 | Intestinally-restricted JAK inhibitor for inflammatory intestinal diseases |
| | TD-9855 | NSRI in symptomatic nOH, an orphan condition |
| | Research | Inhaled JAK inhibitor for serious respiratory diseases |
| Strategic Asset | Trelegy Ellipta | (FF/UMEC/VI) Single inhaler triple therapy in COPD |

*Managed by GSK and Innoviva[1]*

[1] Economic interest. FF/UMEC/VI= Fluticasone Furoate/Umeclidinium/Vilanterol. Innoviva formerly Theravance, Inc.

NSRI = norepinephrine serotonin reuptake inhibitor; COPD = chronic obstructive pulmonary disease nOH = neurogenic orthostatic hypotension

# TD-1473: Global Collaboration Agreement with Janssen Biotech

Theravance Biopharma
Medicines That Make a Difference®

janssen | PHARMACEUTICAL COMPANIES OF Johnson & Johnson

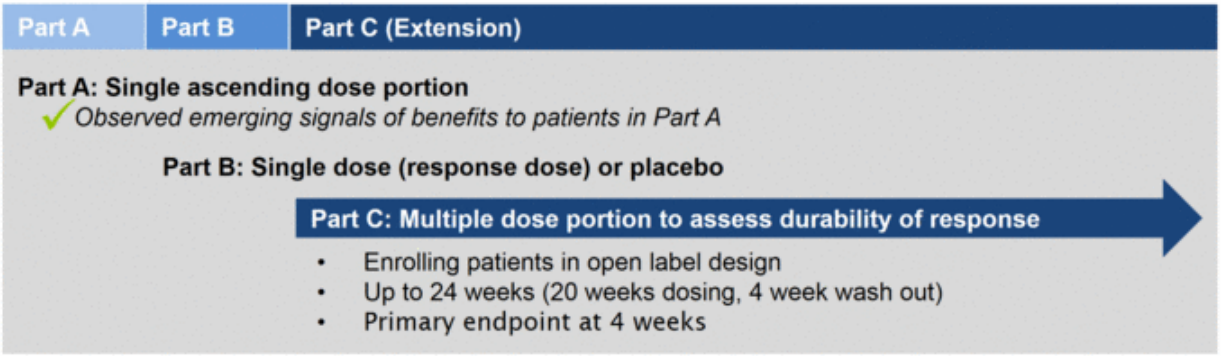
- Shared belief in TD-1473 as a localized medicine with potential to transform the treatment landscape in inflammatory intestinal disease
- Meaningful program enhancements for TD-1473
  - Apply Janssen expertise in IBD to optimize clinical strategy and execution
  - Accelerate clinical development; plan to advance UC and Crohn's in parallel
  - Maximize worldwide commercial opportunity of TD-1473
- Attractive deal economics reducing overall financial risk

**Phase 2b/3 study in ulcerative colitis and Phase 2 study in Crohn's disease expected to initiate in 2H18**

# TD-9855: Exploratory Results Expected Mid-Year

*Intention to seek expedited development path*

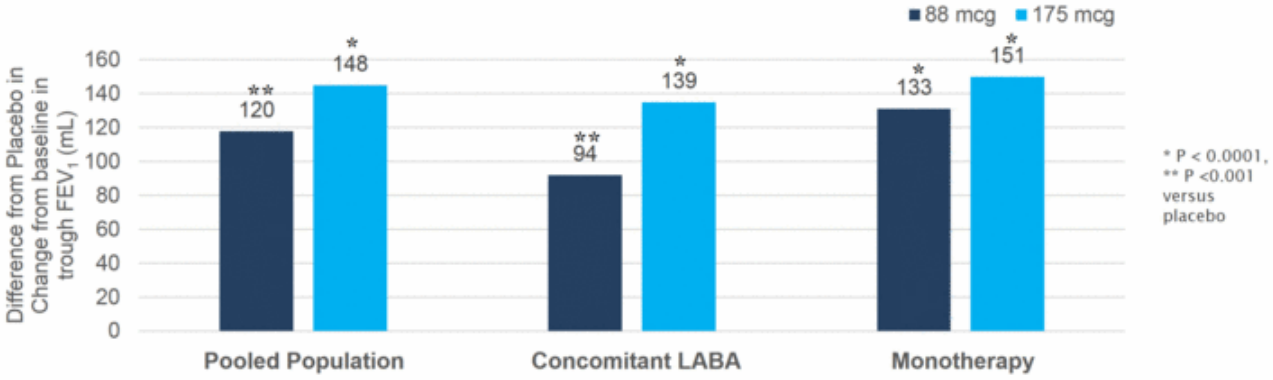
- **Purpose:** Phase 2a study to evaluate the effect of TD-9855 in improving symptoms of orthostatic intolerance
- Understanding totality of symptoms encompasses tests of function, orthostatic hypotension status, and other measures
  - Dizziness a cardinal symptom
  - Interest in patients who fail to accomplish 10-minute standing time at baseline






Theravance Biopharma

# Revefenacin: NDA for Treatment of COPD in FDA Review with PDUFA Date of November 13, 2018




- NDA supported by Phase 3 efficacy and safety studies
- Primary endpoint achieved for both doses in replicate efficacy studies
  - ✓ Robust and sustained improvements in $FEV_1$
  - ✓ Effective as monotherapy and as add-on to LABA or LABA/ICS
- Generally well tolerated in 12-month safety study



$FEV_1$ = forced expiratory volume in one second; pooled analysis

# 1Q 2018 Financial Highlights

| | Three Months Ended, March 31, | |
|---|---|---|
| | **2018** | **2017** |
| | ($, in thousands) Unaudited | |
| **Total Revenue** | **8,319** | **3,087** |
| Cost of Goods Sold | 826 | 565 |
| Research and Development[1] | 47,765 | 40,565 |
| Selling, General and Administrative[1] | 24,704 | 20,786 |
| **Total Costs and Expenses** | **73,295** | **61,916** |
| **Operating Loss** | **(64,976)** | **(58,829)** |
| *[1]Amounts include share-based compensation expense below* | | |
| Research and Development | 6,559 | 5,101 |
| Selling, General and Administrative | 7,439 | 5,168 |
| **Total Share-based Compensation Expense** | **13,998** | **10,269** |
| **Operating Loss excluding Share-based Compensation** | **(50,978)** | **(48,560)** |
| **Cash, Cash Equivalents and Marketable Securities as of March 31, 2018** | **435,530** | |

# GSK's Trelegy Ellipta Offers Significant Potential

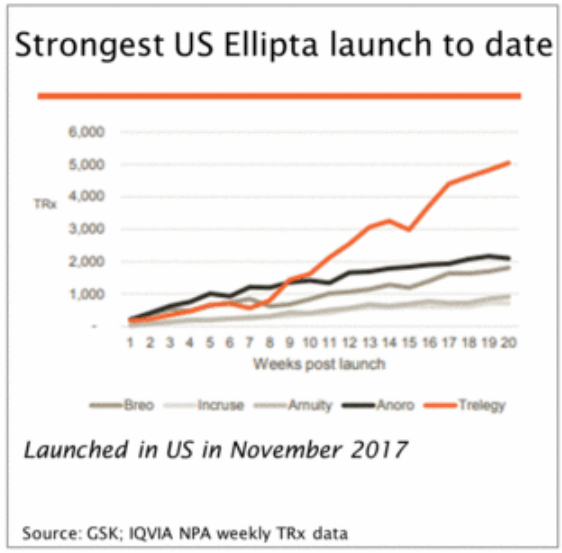
*First and only once-daily single inhaler triple therapy*

## Economic interest in Trelegy Ellipta serves as an important strategic asset

- Upward-tiering royalty 5.5% - 8.5% of worldwide net sales[1]
- Passive economic interest; no product cost obligations

## Program Summary

- Approved for COPD in US and EU[2]
- FF/UMEC/VI: Comprise of ICS, LAMA, and LABA, active components of Breo® (FF/VI) and Anoro® (UMEC/VI)
- Phase 3 CAPTAIN asthma study in progress




## US label expanded to include landmark IMPACT study data

- ✓ 15% reduction in annual rate of exacerbations compared with Relvar/Breo Ellipta
- ✓ 25% reduction compared with Anoro Ellipta
- ✓ Significant improvements in lung function vs. same dual therapies and improvements in SGRQ

All statements based on publically available information. Trelegy Ellipta jointly managed by GSK and Innoviva (formerly Theravance, Inc.) [1] TBPH holds 85% economic interest in upward tiering royalty stream of 6.5% – 10% payable by GSK. [2] Approved in EU for treatment of appropriate patients with COPD.
ICS = Inhaled corticosteroids. LABA = long-acting beta2-adrenergic agonist. SGRQ = St. George's Respiratory Questionnaire



Theravance Biopharma

# Advancing Multiple Opportunities for Value Creation

*Programs in Focus in 2018*

**Managed by Theravance Biopharma:**

| | |
|---|---|
| **TD-1473**<br>Intestinally restricted JAK inhibitor | • Initiation of Phase 2b/3 induction and maintenance study in UC<br>• Initiation of Phase 2 induction study in Crohn's disease |
| **TD-9855**<br>NSRI in nOH | • Phase 2a results in symptomatic nOH<br>• Seeking an expedited development pathway |
| **Revefenacin (TD-4208)**<br>Nebulized LAMA in COPD | • Potential FDA approval (PDUFA date November 13, 2018) |
| **Inhaled JAK inhibitor**<br>Serious respiratory diseases | • Progressing into the clinic in late 2018 or early 2019 |

**Managed by GSK and Innoviva[1]:**

| | |
|---|---|
| **Trelegy Ellipta (FF/UMEC/VI)**<br>Single inhaler triple therapy | • Ramp in promotional activities expected, following expanded label in US<br>• Potential inclusion of IMPACT data in label in EU<br>• Completion of Phase 3 study in asthma (CAPTAIN) |

[1] Economic interest. Regulatory and clinical milestones as reported by GlaxoSmithKline. Approved for the treatment of COPD in US and for the treatment of appropriate patients with COPD in EU. Innoviva formerly Theravance, Inc.



Submissions, filings, and approvals are subject to preclinical and clinical data and regulatory interactions.

Theravance Biopharma