

ACORDA THERAPEUTICS INC
Form 10-Q
May 08, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2015

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 000-50513

ACORDA THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

13-3831168
(I.R.S. Employer
Identification No.)

420 Saw Mill River Road, Ardsley, New York
(Address of principal executive offices)

10502
(Zip Code)

(914) 347-4300
(Registrant's telephone number,
including area code)

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☐
(Do not check if a

Edgar Filing: ACORDA THERAPEUTICS INC - Form 10-Q

smaller reporting
company)

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

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

Class	Outstanding at April 30, 2015
Common Stock, \$0.001 par value per share	42,790,888 shares

This Quarterly Report on Form 10-Q contains forward-looking statements relating to future events and our future performance 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. Stockholders are cautioned that such statements involve risks and uncertainties, including: The ability to realize the benefits anticipated from the Civitas Therapeutics, Inc. transaction and to successfully integrate Civitas's operations into our operations; our ability to successfully market and sell Ampyra in the U.S.; third party payers (including governmental agencies) may not reimburse for the use of Ampyra or our other products at acceptable rates or at all and may impose restrictive prior authorization requirements that limit or block prescriptions; the risk of unfavorable results from future studies of Ampyra or from our other research and development programs, including CVT-301, Plumiaz, or any other acquired or in-licensed programs; we may not be able to complete development of, obtain regulatory approval for, or successfully market CVT-301, Plumiaz, or any other products under development; we may need to raise additional funds to finance our expanded operations and may not be able to do so on acceptable terms; the occurrence of adverse safety events with our products; delays in obtaining or failure to obtain regulatory approval of or to successfully market Fampyra outside of the U.S. and our dependence on our collaboration partner Biogen in connection therewith; competition; failure to protect our intellectual property, to defend against the intellectual property claims of others or to obtain third party intellectual property licenses needed for the commercialization of our products; and failure to comply with regulatory requirements could result in adverse action by regulatory agencies. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make, and investors should not place undue reliance on these statements. In addition to the risks and uncertainties described above, we have included important factors in the cautionary statements in this report and in our Annual Report on Form 10-K for the year ended December 31, 2014, particularly in the "Risk Factors" section, that we believe 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, joint ventures or investments that we may make. Forward-looking statements in this report are made only as of the date hereof, and we do not assume any obligation to publicly update any forward-looking statements as a result of developments occurring after the date of this report.

We and our subsidiaries own several registered trademarks in the U.S. and in other countries. These registered trademarks include, in the U.S., the marks "Acorda Therapeutics," our stylized Acorda Therapeutics logo, "Ampyra," "Zanaflex," "Zanaflex Capsules," "Qutenza" and "ARCUS." Also, our mark "Fampyra" is a registered mark in the European Community Trademark Office and we have registrations or pending applications for this mark in other jurisdictions. Our trademark portfolio also includes several registered trademarks and pending trademark applications (e.g., "Plumiaz") in the U.S. and worldwide for potential product names or for disease awareness activities. Third party trademarks, trade names, and service marks used in this report are the property of their respective owners.

ACORDA THERAPEUTICS, INC.
TABLE OF CONTENTS

	Page
PART I—FINANCIAL INFORMATION	
Item 1.	Financial Statements
	1
	Consolidated Balance Sheets as of March 31, 2015 (unaudited) and December 31, 2014
	1
	Consolidated Statements of Operations (unaudited) for the Three-month Period Ended March 31, 2015 and 2014
	2
	Consolidated Statements of Comprehensive Income (Loss) (unaudited) for the Three-month Period Ended March 31, 2015 and 2014
	3
	Consolidated Statements of Cash Flows (unaudited) for the Three-month Period Ended March 31, 2015 and 2014
	4
	Notes to Consolidated Financial Statements (unaudited)
	5
	Management’s Discussion and Analysis of Financial Condition and Results of Operations
Item 2.	18
Item 3.	Quantitative and Qualitative Disclosures About Market Risk
	32
Item 4.	Controls and Procedures
	32
PART II—OTHER INFORMATION	
Item 1.	Legal Proceedings
	33
Item 1A.	Risk Factors
	34
Item 6.	Exhibits
	36

PART I

Item 1. Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share data)	March 31, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$61,515	\$ 182,170
Restricted cash	1,243	1,205
Short-term investments	238,182	125,448
Trade accounts receivable, net of allowances of \$739 and \$771, as of March 31, 2015 and December 31, 2014, respectively	30,551	32,211
Prepaid expenses	19,050	15,523
Finished goods inventory held by the Company	45,268	26,256
Finished goods inventory held by others	563	581
Deferred tax asset	20,469	18,420
Other current assets	6,995	7,324
Total current assets	423,836	409,138
Property and equipment, net of accumulated depreciation	45,919	46,090
Goodwill	182,952	182,952
Intangible assets, net of accumulated amortization	432,155	432,822
Non-current portion of deferred cost of license revenue	3,381	3,540
Restricted cash	4,809	—
Other assets	5,930	6,137
Total assets	\$1,098,982	\$ 1,080,679
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$21,886	\$ 17,751
Accrued expenses and other current liabilities	60,208	56,118
Deferred product revenue—Zanaflex	29,121	29,420
Current portion of deferred license revenue	9,057	9,057
Current portion of revenue interest liability	749	893
Current portion of convertible notes payable	1,144	1,144
Total current liabilities	122,165	114,383
Convertible senior notes (due 2021)	289,607	287,699
Acquired contingent consideration	55,700	52,600
Non-current portion of deferred license revenue	48,306	50,570
Non-current portion of convertible notes payable	1,058	2,184
Deferred tax liability	23,885	23,885

Edgar Filing: ACORDA THERAPEUTICS INC - Form 10-Q

Other non-current liabilities	9,241	9,103
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value. Authorized 80,000,000 shares at March 31, 2015 and December 31, 2014; issued and outstanding 42,797,996 and 41,883,843 shares, including those held in treasury, as of March 31, 2015 and December 31, 2014, respectively	43	42
Treasury stock at cost (12,420 shares at March 31, 2015 and December 31, 2014)	(329)	(329)
Additional paid-in capital	772,892	761,026
Accumulated deficit	(223,495)	(220,410)
Accumulated other comprehensive income	(91)	(74)
Total stockholders' equity	549,020	540,255
Total liabilities and stockholders' equity	\$1,098,982	\$ 1,080,679

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(unaudited)

(In thousands, except per share data)	Three-month period ended March 31, 2015	Three-month period ended March 31, 2014
Revenues:		
Net product revenues	\$ 93,500	\$ 74,463
Royalty revenues	4,087	3,791
License revenue	2,264	2,264
Total net revenues	99,851	80,518
Costs and expenses:		