

Adamas Pharmaceuticals Inc
Form 10-Q
August 04, 2016
Table of Contents

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 June 30, 2016

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 No. 001-36399

ADAMAS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware 42-1560076
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

1900 Powell Street, Suite 750
Emeryville, CA 94608
(Address of Principal Executive Offices) (Zip Code)

(510) 450-3500

(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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a
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 No

Number of shares outstanding of the issuer's common stock, par value \$0.001 per share, as of August 1, 2016 was 21,929,038.

Table of Contents

ADAMAS PHARMACEUTICALS, INC.

INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets at June 30, 2016 and December 31, 2015 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2016 and 2015 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss for the three and six months ended June 30, 2016 and 2015 (unaudited)</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the three and six months ended June 30, 2016 and 2015 (unaudited)</u>	6
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	28
<u>Item 4. Controls and Procedures</u>	28
 <u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	29
<u>Item Risk Factors</u>	
<u>1A.</u>	31
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	62
<u>Item 3. Defaults Upon Senior Securities</u>	62
<u>Item 4. Mine Safety Disclosures</u>	62
<u>Item 5. Other Information</u>	62
<u>Item 6. Exhibits</u>	62
<u>SIGNATURES</u>	63

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADAMAS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except share and per share data)

	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 109,272	\$ 33,104
Available-for-sale securities	46,854	73,691
Accounts receivable	860	1,284
Prepaid expenses and other current assets	6,335	5,108
Total current assets	163,321	113,187
Property and equipment, net	3,375	2,353
Available-for-sale securities, non-current	1,906	13,165
Other assets	38	38
Total assets	\$ 168,640	\$ 128,743
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 4,720	\$ 3,052
Accrued liabilities	7,843	8,457
Other current liabilities	267	298
Total current liabilities	12,830	11,807
Non-current liabilities	649	749
Total liabilities	13,479	12,556
Commitments and Contingencies (Note 7)		
Stockholders' equity		
Preferred stock, \$0.001 par value — 5,000,000 shares authorized, and zero shares issued and outstanding at June 30, 2016 and December 31, 2015	—	—
Common stock, \$0.001 par value — 100,000,000 shares authorized, 21,912,782 and 18,505,462 shares issued and outstanding at June 30, 2016 and December 31, 2015,	27	23

respectively

Additional paid-in capital	247,957	178,473
Accumulated other comprehensive income (loss)	32	(158)
Accumulated deficit	(92,855)	(62,151)
Total stockholders' equity	155,161	116,187
Total liabilities and stockholders' equity	\$ 168,640	\$ 128,743

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

3

Table of Contents

ADAMAS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Revenue	\$ 222	\$ 398	\$ 397	\$ 624
Operating expenses				
Research and development	9,224	8,705	16,746	16,238
General and administrative, net	8,058	5,846	14,699	10,765
Total operating expenses	17,282	14,551	31,445	27,003
Loss from operations	(17,060)	(14,153)	(31,048)	(26,379)
Interest and other income, net	184	102	344	180
Loss before income taxes	(16,876)	(14,051)	(30,704)	(26,199)
Provision for income taxes	—	—	—	54
Net loss	\$ (16,876)	\$ (14,051)	\$ (30,704)	\$ (26,253)
Net loss per share, basic and diluted	\$ (0.78)	\$ (0.78)	\$ (1.43)	\$ (1.47)
Weighted average shares used in computing net loss per share, basic and diluted	21,650	17,955	21,452	17,800

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

Table of Contents

ADAMAS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(unaudited)

(in thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net loss	\$ (16,876)	\$ (14,051)	\$ (30,704)	\$ (26,253)
Unrealized gain on available-for-sale securities	21	7	190	134
Comprehensive loss	\$ (16,855)	\$ (14,044)	\$ (30,514)	\$ (26,119)

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

Table of Contents

ADAMAS PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(in thousands)

	Six Months Ended	
	June 30,	
	2016	2015
Cash flows from operating activities		
Net loss	\$ (30,704)	\$ (26,253)
Adjustments to reconcile net loss to net cash used in operating activities		