

ACELRX PHARMACEUTICALS INC
Form 10-Q
August 02, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 2017

or

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

For the transition period from to

Commission File Number: 001-35068

ACELRX PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware 41-2193603
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

351 Galveston Drive

Redwood City, CA 94063

(650) 216-3500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

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 Exchange Act Rule 12b-2) Yes No

As of July 26, 2017, the number of outstanding shares of the registrant's common stock was 45,380,473.

1

ACELRX PHARMACEUTICALS, INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2017

Table of Contents

| | Page |
|---|-------------|
| Part I. Financial Information | 3 |
| Item 1. Financial Statements | 3 |
| Condensed Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016 | 3 |
| Condensed Consolidated Statements of Comprehensive Loss for the three and six months ended June 30, 2017 and 2016 (unaudited) | 4 |
| Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016 (unaudited) | 5 |
| Notes to Condensed Consolidated Financial Statements (unaudited) | 6 |
| Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations | 20 |
| Item 3. Quantitative and Qualitative Disclosures About Market Risk | 32 |
| Item 4. Controls and Procedures | 32 |
| Part II. OTHER Information | 33 |
| Item 1. Legal Proceedings | 33 |
| Item 1A. Risk Factors | 33 |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | 63 |
| Item 3. Defaults Upon Senior Securities | 63 |
| Item 4. Mine Safety Disclosures | 63 |
| Item 5. Other Information | 63 |

Unless the context indicates otherwise, the terms “AcelRx,” “AcelRx Pharmaceuticals,” “we,” “us” and “our” refer to AcelRx Pharmaceuticals, Inc. “DSUVIA” is a trademark, and ACELRX and “ZALVISO” are registered trademarks, all owned by AcelRx Pharmaceuticals, Inc. This report also contains trademarks and trade names that are the property of their respective owners.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****AcelRx Pharmaceuticals, Inc.****Condensed Consolidated Balance Sheets****(In thousands, except share data)**

| | June 30, 2017 | December 31, 2016⁽¹⁾ |
|---|--------------------------|--|
| | (Unaudited) | |
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 62,148 | \$80,310 |
| Accounts receivable, net | 2,070 | 5,833 |
| Inventories | 1,580 | 2,154 |
| Prepaid expenses and other current assets | 971 | 756 |
| Total current assets | 66,769 | 89,053 |
| Property and equipment, net | 11,193 | 10,712 |
| Restricted cash | 178 | 178 |
| Other assets | 50 | 50 |
| Total Assets | \$ 78,190 | \$99,993 |
| Liabilities and Stockholders' Deficit | | |
| Current Liabilities: | | |
| Accounts payable | \$ 1,028 | \$1,558 |
| Accrued liabilities | 4,365 | 4,595 |
| Long-term debt, current portion | 7,129 | 2,912 |
| Deferred revenue, current portion | 362 | 362 |
| Liability related to the sale of future royalties, current portion | 677 | 764 |
| Total current liabilities | 13,561 | 10,191 |
| Deferred rent, net of current portion | — | 43 |
| Long-term debt, net of current portion | 14,891 | 18,637 |
| Deferred revenue, net of current portion | 3,643 | 3,824 |
| Liability related to the sale of future royalties, net of current portion | 77,431 | 72,223 |
| Contingent put option liability | 260 | 124 |
| Warrant liability | 28 | 288 |
| Total liabilities | 109,814 | 105,330 |
| Commitments and Contingencies | | |

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Stockholders' Deficit:

| | | |
|--|------------|------------|
| Common stock, \$0.001 par value—100,000,000 shares authorized as of June 30, 2017 and December 31, 2016; 45,380,473 and 45,333,790 shares issued and outstanding as of June 30, 2017 and December 31, 2016 | 45 | 45 |
| Additional paid-in capital | 243,303 | 240,977 |
| Accumulated deficit | (274,972) | (246,362) |
| Accumulated other comprehensive income | — | 3 |
| Total stockholders' deficit | (31,624) | (5,337) |
| Total Liabilities and Stockholders' Deficit | \$ 78,190 | \$ 99,993 |

The condensed consolidated balance sheet as of December 31, 2016 has been derived from the audited financial (1)statements as of that date included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

See notes to condensed consolidated financial statements.

AcelRx Pharmaceuticals, Inc.

Condensed Consolidated Statements of Comprehensive Loss

(Unaudited)

(In thousands, except share and per share data)

| Three Months Ended June 30, 2017 | 2016 | Six Months Ended June 30, 2017 | 2016 |
|---|-------------|---|-------------|
|---|-------------|---|-------------|

Revenue: