

AERIE PHARMACEUTICALS INC

Form 10-Q

November 06, 2015

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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 September 30, 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 001-36152

Aerie Pharmaceuticals, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)  
2030 Main Street, Suite 1500  
Irvine, California 92614  
(949) 526-8700

20-3109565  
(I.R.S. Employer  
Identification Number)

(Address of principal executive offices, zip code and 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  (Do not check if a smaller reporting company) Smaller reporting company

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

As of October 28, 2015, there were 26,364,924 shares of the registrant's common stock, par value \$0.001, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We may, in some cases, use terms such as “predicts,” “believes,” “potential,” “proposed,” “continue,” “estimates,” “anticipates,” “expects,” “plans,” “intends,” “may,” “would,” “could,” “might,” “will,” “should,” “exploring,” “pursuing” or other similar terms to convey uncertainty of future events or outcomes to identify these forward-looking statements.

Forward-looking statements appear in a number of places throughout this report and include statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things:

- the success, timing and cost of our ongoing and anticipated preclinical studies and clinical trials for our current product candidates and potential future product candidates, including statements regarding the timing of initiation and completion of the studies and trials;
- our expectations regarding the clinical effectiveness of our product candidates and results of our clinical trials;
- the timing of and our ability to obtain and maintain U.S. Food and Drug Administration (“FDA”) or other regulatory authority approval of, or other action with respect to, our product candidates;
- our expectations related to the use of proceeds from our initial public offering (“IPO”) in October 2013, the issuance and sale of our 2014 Convertible Notes (as defined herein) in September 2014 and the issuance and sale of common stock under our shelf registration statement on Form S-3 and “at-the-market” sales agreement;
- our estimates regarding anticipated capital requirements and our needs for additional financing;
- the commercial launch and potential future sales of our current or any other future product candidates;
- our commercialization, marketing and manufacturing capabilities and strategy;
- third-party payor coverage and reimbursement for our product candidates;
- the glaucoma patient market size and the rate and degree of market adoption of our product candidates by eye-care professionals and patients;
- the timing, cost or other aspects of the commercial launch of our product candidates;
- our plans to pursue development of our product candidates for additional indications and other therapeutic opportunities;
- the potential advantages of our product candidates;
- our plans to explore possible uses of our existing proprietary compounds beyond glaucoma;
- our ability to protect our proprietary technology and enforce our intellectual property rights;
- our expectations regarding collaborations, licensing, acquisitions and strategic operations, including our ability to in-license or acquire additional ophthalmic products or product candidates; and
- our stated objective of building a major ophthalmic pharmaceutical company.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics and industry change, and depend on regulatory approvals and economic and other environmental circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated.

We discuss many of these risks under the heading “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as filed with the Securities and Exchange Commission (“SEC”) on February 27, 2015, and in Part II, Item 1A of our Quarterly Report on Form 10-Q for the period ended March 31, 2015, as filed with the SEC on May 7, 2015. You should not rely upon forward-looking statements as predictions of future events.

Although we believe that we have a reasonable basis for each forward-looking statement contained in this report, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the evolution of the industry in which we operate may differ materially from the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and liquidity, and events in the industry in which we operate are consistent with the forward-looking statements contained in this report, they may not be predictive of results or developments in future periods.



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Any forward-looking statements that we make in this report are as of the date of this report. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this report.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## AERIE PHARMACEUTICALS, INC.

## Consolidated Balance Sheets

(Unaudited)

(in thousands, except share and per share data)

	SEPTEMBER 30, 2015	DECEMBER 31, 2014
Assets		
Current assets		
Cash and cash equivalents	\$ 106,946	\$ 85,586
Short-term investments	48,292	54,339
Prepaid expenses and other current assets	1,348	1,122
Total current assets	156,586	141,047
Long-term investments	7,707	18,275
Furniture, fixtures and equipment, net	2,912	240
Other assets, net	8,034	1,523
Total assets	\$ 175,239	\$ 161,085
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable and other current liabilities	\$ 17,961	\$ 8,336
Interest payable	551	551
Total current liabilities	18,512	8,887
Convertible notes, net of discounts	124,250	124,156
Total liabilities	142,762	133,043
Commitments and contingencies (Note 12)		
Stockholders' equity		
Preferred stock, \$0.001 par value; 15,000,000 shares authorized as of September 30, 2015 and December 31, 2014; None issued and outstanding	—	—
Common stock, \$0.001 par value; 150,000,000 shares authorized as of September 30, 2015 and December 31, 2014; 26,290,705 and 24,018,577 shares issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	26	24
Additional paid-in capital	229,670	171,326
Accumulated other comprehensive loss	(32	) (107
Accumulated deficit	(197,187	) (143,201
Total stockholders' equity	32,477	28,042
Total liabilities and stockholders' equity	\$ 175,239	\$ 161,085

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

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## AERIE PHARMACEUTICALS, INC.

## Consolidated Statements of Operations and Comprehensive Loss

(Unaudited)

(in thousands, except share and per share data)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2015	2014	2015	2014
Operating expenses				
General and administrative	\$(7,462	) \$(4,944	) \$(22,987	) \$(13,723
Research and development	(9,904	) (8,230	) (32,149	) (20,276
Loss from operations	(17,366	) (13,174	) (55,136	) (33,999
Other income (expense), net	(523	) 27	1,374	2,367
Net loss before income taxes	\$(17,889	) \$(13,147	) \$(53,762	) \$(31,632
Income tax expense	(72	) —	(224	) —