

SPECTRUM PHARMACEUTICALS INC

Form 10-Q

May 08, 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 March 31, 2015

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: 001-35006

SPECTRUM PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

93-0979187

(I.R.S. Employer Identification No.)

11500 South Eastern Avenue, Suite 240

Henderson, Nevada

(Address of principal executive offices)

(702) 835-6300

(Registrant's telephone number, including area code)

89052

(Zip 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 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

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 April 30, 2015, 66,995,054 shares of the registrant's common stock were outstanding.

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FOR THE THREE MONTHS ENDED MARCH 31, 2015
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PART I: FINANCIAL INFORMATION

ITEM 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

SPECTRUM PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and par value amounts)

(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 123,365	\$ 129,942
Marketable securities	3,308	3,306
Accounts receivable, net of allowance for doubtful accounts of \$164 and \$120, respectively	68,755	70,758
Other receivables	7,914	5,489
Inventories	9,079	9,200
Prepaid expenses	3,375	3,774
Deferred tax assets	170	—
Total current assets	215,966	222,469
Property and equipment, net of accumulated depreciation	1,313	1,405
Intangible assets, net of accumulated amortization	214,606	230,100
Goodwill	17,949	18,195
Other assets	18,808	17,864
Total assets	\$468,642	\$490,033
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	\$82,153	\$84,994
Accrued payroll and benefits	4,378	8,444
Deferred revenue	17,045	9,959
Drug development liability	1,141	1,141
Acquisition-related contingent obligations	5,091	4,901
Total current liabilities	109,808	109,439
Drug development liability, less current portion	13,978	14,644
Deferred revenue, less current portion	416	—
Acquisition-related contingent obligations, less current portion	2,751	2,441
Deferred tax liability	6,808	6,569
Other long-term liabilities	6,944	6,088
Convertible senior notes	97,568	96,298
Total liabilities	238,273	235,479
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized:		
Series B junior participating preferred stock, \$0.001 par value; 1,500,000 shares authorized; no shares issued and outstanding	—	—
Series E Convertible Voting Preferred Stock, \$0.001 par value and \$10,000 stated value; 2,000 shares authorized; 20 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively (convertible into 40,000 shares of common stock, with aggregate liquidation value of \$240)	123	123

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Common stock, \$0.001 par value; 175,000,000 shares authorized; 66,905,839 and 65,969,699 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	66	66	
Additional paid-in capital	541,157	538,553	
Accumulated other comprehensive loss	(2,077) (850)
Accumulated deficit	(308,900) (283,338)
Total stockholders' equity	230,369	254,554	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$468,642	\$490,033	

See accompanying notes to these unaudited condensed consolidated financial statements.

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SPECTRUM PHARMACEUTICALS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except share and per share amounts)
 (Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Revenues:		
Product sales, net	\$38,413	\$40,096
License fees and service revenue	205	28
Total revenues	\$38,618	\$40,124
Operating costs and expenses:		
Cost of product sales (excludes amortization of intangible assets)	7,071	6,278
Selling, general and administrative	23,335	23,403
Research and development	15,851	29,497
Amortization and impairment of intangible assets	14,022	5,360
Total costs and operating expenses	60,279	64,538
Loss from operations	(21,661) (24,414
Other expenses:		
Interest expense, net	(2,228) (2,067
Change in fair value of contingent consideration related to acquisitions	(500) (724
Other expense, net	(1,035) (358
Total other expenses	(3,763) (3,149
Loss before income taxes	(25,424) (27,563
Provision for income taxes	(138) (78
Net loss	\$(25,562) \$(27,641
Net loss per share:		
Basic and diluted	\$(0.39) \$(0.44
Weighted average shares outstanding:		
Basic and diluted	64,880,677	63,447,309