

Minerva Neurosciences, Inc.  
Form 10-Q  
November 03, 2016

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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, 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. 001-36517

Minerva Neurosciences, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

1601 Trapelo Road, Suite 284  
Waltham, MA

26-0784194  
(I.R.S. Employer  
Identification No.)

02451

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(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (617) 600-7373

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 (§229.405 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 (Do not check if 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 Act). YES NO

The number of shares of Registrant's Common Stock, \$0.0001 par value per share, outstanding as of October 28, 2016 was 34,807,213.

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Unless the context suggests otherwise, references in this Quarterly Report on Form 10-Q, or Quarterly Report, to "Minerva," the "Company," "we," "us," and "our" refer to Minerva Neurosciences, Inc. and, where appropriate, its subsidiaries.

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements reflect our plans, estimates and beliefs. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," "would" and similar expressions intended to identify forward-looking statements. Forward-looking statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Because of these risks and uncertainties, the forward-looking events and circumstances discussed in this report may not transpire. These risks and uncertainties include, but are not limited to, the risks included in this Quarterly Report on Form 10-Q under Part II, Item IA, "Risk Factors."

Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our estimates and assumptions only as of the date of this document. You should read this document with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise.

All trademarks, trade names and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners.

## PART I – Financial Information

## Item 1 – Financial Statements

## MINERVA NEUROSCIENCES, INC.

## Condensed Consolidated Balance Sheets

(Unaudited)

	September 30, 2016	December 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$91,853,081	\$14,284,054
Marketable securities	-	17,920,632
Restricted cash	80,000	80,000
Prepaid expenses and other current assets	702,359	1,196,136
<b>Total current assets</b>	<b>92,635,440</b>	<b>33,480,822</b>
Equipment, net	13,211	26,170
In-process research and development	34,200,000	34,200,000
Goodwill	14,869,399	14,869,399
<b>Total assets</b>	<b>\$141,718,050</b>	<b>\$82,576,391</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Notes payable - current portion	\$4,750,635	\$1,434,756
Accounts payable	833,229	1,360,569
Accrued expenses and other current liabilities	980,855	2,524,638
Accrued collaborative expenses	3,533,788	-
<b>Total current liabilities</b>	<b>10,098,507</b>	<b>5,319,963</b>
Notes payable - noncurrent	5,048,733	8,503,111
Deferred taxes	13,433,760	13,433,760
<b>Total liabilities</b>	<b>28,581,000</b>	<b>27,256,834</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
Preferred stock; \$0.0001 par value; 100,000,000 shares authorized; none issued		
or outstanding as of September 30, 2016 and December 31, 2015, respectively	-	-
Common stock; \$0.0001 par value; 125,000,000 shares authorized; 34,807,213 and		
24,721,143 shares issued and outstanding as of September 30, 2016 and		
December 31, 2015, respectively	3,481	2,472
<b>Additional paid-in capital</b>	<b>236,587,739</b>	<b>157,129,947</b>

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Accumulated deficit	(123,454,170)	(101,812,862)
Total stockholders' equity	113,137,050	55,319,557
Total liabilities and stockholders' equity	\$141,718,050	\$82,576,391

See accompanying notes to condensed consolidated financial statements

## MINERVA NEUROSCIENCES, INC.

## Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
Expenses				
Research and development	\$5,852,121	\$3,828,197	\$13,941,283	\$12,274,090
General and administrative	2,379,809	1,876,458	7,012,057	5,641,387
Total expenses	8,231,930	5,704,655	20,953,340	17,915,477
Loss from operations	(8,231,930 )	(5,704,655 )	(20,953,340 )	(17,915,477 )
Foreign exchange losses	(2,578 )	(2,280 )	(27,552 )	(15,432 )
Investment income	69,983	37,863	136,960	64,906
Interest expense	(258,764 )	(269,950 )	(797,376 )	(776,400 )
Net loss	\$(8,423,289 )	\$(5,939,022 )	\$(21,641,308 )	\$(18,642,403 )
Net loss per share, basic and diluted	\$(0.24 )	\$(0.24 )	\$(0.71 )	\$(0.81 )
Weighted average shares outstanding, basic and diluted	34,806,263	24,721,143	30,393,293	22,972,402

See accompanying notes to condensed consolidated financial statements

## MINERVA NEUROSCIENCES, INC.

## Condensed Consolidated Statement of Changes in Stockholders' Equity

(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated	
	Shares	Amount		Deficit	Total
Balances at January 1, 2015	18,439,482	\$ 1,844	\$ 126,228,981	\$(74,731,230 )	\$ 51,499,595
Issuance of common stock and warrants pursuant to a private placement, net of issuance costs of \$2,466,984	6,281,661	628	28,532,387	-	28,533,015
Issuance of warrant pursuant to loan agreement	-	-	166,344	-	166,344
Stock-based compensation	-	-	1,510,765	-	1,510,765
Net loss	-	-	-	(18,642,403 )	(18,642,403 )
Balances at September 30, 2015	24,721,143	\$ 2,472	\$ 156,438,477	\$(93,373,633 )	\$ 63,067,316
Balances at January 1, 2016	24,721,143	\$ 2,472	\$ 157,129,947	\$(101,812,862)	\$ 55,319,557
Exercise of common stock warrants	3,850,051	385	22,222,109	-	22,222,494
Exercise of stock options	1,900	-	9,861	-	9,861
Issuance of common stock in a public offering, net of issuance costs of \$3,832,004	6,052,631	606	53,667,385	-	53,667,991
Issuance of common stock pursuant to a private placement	181,488	18	999,981	-	999,999
Stock-based compensation	-	-	2,558,456	-	2,558,456
Net loss	-	-	-	(21,641,308 )	(21,641,308 )
Balances at September 30, 2016	34,807,213	\$ 3,481	\$ 236,587,739	\$(123,454,170)	\$ 113,137,050

See accompanying notes to condensed consolidated financial statements





## MINERVA NEUROSCIENCES, INC.

## Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Net loss	\$ (21,641,308 )	\$ (18,642,403 )
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	12,959	12,957
Amortization of debt discount recorded as interest expense	270,944	277,025
Amortization of marketable securities premium	102,632	159,680
Stock-based compensation expense	2,558,456	1,510,765
<b>Changes in operating assets and liabilities</b>		
Prepaid expenses and other current assets	473,537	(427,074 )
Accounts payable	(527,340 )	92,985
Accrued expenses and other current liabilities	(1,543,783 )	579,373
Accrued collaborative expenses	3,533,788	(1,222,420 )
Other noncurrent liabilities	-	(7,694 )
Net cash used in operating activities	(16,760,115 )	(17,666,806 )
<b>Cash flows from investing activities:</b>		
Purchase of marketable securities	-	(23,279,285 )
Proceeds from the maturity and redemption of marketable securities	17,818,000	944,683
Restricted cash	-	(44,986 )
Net cash provided by (used in) investing activities	17,818,000	(22,379,588 )
<b>Cash flows from financing activities:</b>		
Proceeds from sale of common stock in public offering	57,499,995	-
Costs paid in connection with public offering	(3,832,004 )	-
Proceeds from exercise of common stock warrants	22,222,494	-
Proceeds from exercise of stock options	9,861	-
Proceeds from notes payable	-	10,000,000
Repayments of notes payable	(389,203 )	-
Costs paid in connection with notes payable	-	(195,656 )
Proceeds from sale of common stock in private placement	999,999	30,999,999
Costs paid in connection with private placement	-	(2,466,984 )
Net cash provided by financing activities	76,511,142	38,337,359
Net increase (decrease) in cash and cash equivalents	77,569,027	(1,709,035 )
<b>Cash and cash equivalents</b>		
Beginning of period	14,284,054	18,545,702
End of period	\$ 91,853,081	\$ 16,836,667
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$	