Sage Therapeutics, Inc.
Form 10-Q
August 03, 2017

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, 2017

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: 001-36544

Sage Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	27-4486580
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

215 First Street

Cambridge, Massachusetts 02142

(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (617) 299-8380

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 Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2017, there were 37,441,084 shares of the registrant's Common Stock, $0.0001 par value per share, outstanding.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, or Quarterly Report, contains forward-looking statements that involve risks and uncertainties. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical facts contained in this Quarterly Report are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “will”, “should”, “expects”, “intends”, “plans”, “anticipates”, “beli “estimates”, “predicts”, “potential”, “continue” or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- our plans to develop and commercialize our product candidates in the central nervous system, or CNS, disorders we discuss in this Quarterly Report, and potentially in other indications;
- our ability, within the expected timeframes, to complete our ongoing clinical trials and non-clinical studies; to announce the results of such studies and trials; to advance our product candidates into additional clinical trials, including pivotal clinical trials; and to successfully complete such clinical trials;
- our expectations as to the sufficiency of the planned clinical development programs for our product candidates, if successful, to support regulatory approval; our plans with respect to filing for regulatory approval of our product candidates, if clinical development is successful; and the anticipated review path and potential to obtain regulatory approval and to commercialize any product, if approved;
- our estimates regarding expenses; use of cash; timing of future cash needs; and capital requirements;
- our potential to achieve future revenues;
- our expectations with respect to the availability of supplies of our product candidates, and the expected performance of our third-party manufacturers;
- our expectations with respect to the performance of our contract research organizations and other third parties whose activities are important to our development and future commercialization efforts;
- our ability to obtain and maintain intellectual property protection for our proprietary assets and other forms of exclusivity relevant to our business;
- the estimated number of patients in indications of interest to us; the potential for our product candidates in those indications, if approved; the size of the potential markets for our product candidates; and our ability to serve those markets;
- the anticipated rate and degree of market acceptance, and expectations regarding the availability and level of reimbursement, of our product candidates in any indication if approved;
- our plans for expanding our activities, including outside the U.S., and the potential for future collaborations and other types of contractual relationships, if appropriate, for accomplishing our strategic objectives;
- the level of costs we may incur in connection with our activities, the possible timing and sources of future financings, and our ability to obtain additional financing when needed to fund future operations;
- the potential for success of competing products that are or become available for the indications that we are pursuing or may in the future pursue;
- the potential risk of loss of key scientific or management personnel; and
- other risks and uncertainties, including those listed under Part II, Item 1A, Risk Factors.

Any forward-looking statements in this Quarterly Report reflect our current views with respect to future events and with respect to our future financial performance, and 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, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those described under Part II, Item 1A, Risk Factors and elsewhere in this Quarterly Report. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or

revise these forward-looking statements for any reason, even if new information becomes available in the future.

This Quarterly Report contains estimates, projections and other information concerning our industry, the general business environment, and the markets for certain diseases, including estimates regarding the potential size of those markets and the estimated incidence and prevalence of certain medical conditions. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events, circumstances or numbers, including actual disease prevalence rates and market size, may differ materially from the information reflected in this Quarterly Report. Unless otherwise expressly stated, we obtained this industry, business information, market data, prevalence information and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data, and similar sources, in some cases applying our own assumptions and analysis that may, in the future, prove not to have been accurate.

Sage Therapeutics, Inc.

INDEX

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements
Sage Therapeutics, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

(Unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$133,450	$168,517
Marketable securities	152,478	228,962
Prepaid expenses and other current assets	5,192	5,100
Total current assets	291,120	402,579
Property and equipment, net	1,443	1,388
Restricted cash	849	564
Total assets	$293,412	$404,531
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$6,042	$12,817
Accrued expenses	26,239	22,352
Total current liabilities	32,281	35,169
Other liabilities	827	845
Total liabilities	33,108	