

Corium International, Inc.  
Form 10-Q  
May 08, 2015  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**x Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the quarterly period ended March 31, 2015**

**OR**

**o 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: 001-36375**

**Corium International, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**38-3230774**  
(I.R.S. Employer  
Identification Number)

**Corium International, Inc.**  
**235 Constitution Drive**  
**Menlo Park, California 94025**

(Address of principal executive offices and zip code)

**(650) 298-8255**

(Registrant's 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

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

As of May 7, 2015, there were approximately 18,080,984 shares of the Registrant's Common Stock outstanding.

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(in thousands, except share amounts)

	As of March 31, 2015 (Unaudited)	As of September 30, 2014 (1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 33,660	\$ 36,395
Accounts receivable	4,891	4,168
Unbilled accounts receivable	1,232	1,385
Inventories, net	2,961	2,592
Prepaid expenses and other current assets	686	1,292
Total current assets	43,430	45,832
Property and equipment, net	11,923	12,658
Debt financing costs, net	634	571
Intangible assets, net	6,741	6,683
<b>TOTAL ASSETS</b>	<b>\$ 62,728</b>	<b>\$ 65,744</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>		
Current liabilities:		
Accounts payable	\$ 2,588	\$ 2,512
Accrued expenses and other current liabilities	3,292	4,008
Long-term debt, current portion	54	107
Capital lease obligations, current portion	782	760
Recall liability, current portion	660	774
Deferred contract revenues, current portion	125	301
Total current liabilities	7,501	8,462
Long-term debt, net of current portion	48,970	38,155
Capital lease obligations, net of current portion	492	891
Recall liability, net of current portion	2,691	2,936
Deferred contract revenues, net of current portion	3,500	3,500
Total liabilities	63,154	53,944
Stockholders' equity (deficit):		
Common stock; par value of \$0.001 per share, 150,000,000 shares authorized; 18,072,866 and 18,003,883 shares issued and outstanding as of March 31, 2015 and September 30, 2014, respectively	18	18
Additional paid-in capital	115,792	114,117
Accumulated deficit	(116,236)	(102,335)
Total stockholders' equity (deficit)	(426)	11,800
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</b>	<b>\$ 62,728</b>	<b>\$ 65,744</b>

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(1) Derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2014.

*See accompanying notes to condensed financial statements.*

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## CORIUM INTERNATIONAL, INC.

## CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands, except share and per share data)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Revenue:				
Product revenues	\$ 7,632	\$ 7,240	\$ 14,171	\$ 15,340
Contract research and development revenues	3,363	3,173	6,293	5,237
Other revenues	296	304	593	608
Total revenues	11,291	10,717	21,057	21,185
Costs and operating expenses:				
Cost of product revenues	5,219	4,998	9,306	10,227
Cost of contract research and development revenues	4,510	3,911	8,227	7,448
Research and development expenses	3,980	1,267	8,177	2,128
General and administrative expenses	2,670	1,236	5,357	3,046
Amortization of intangible assets	162	131	323	261
(Gain) / loss on disposal and sale and leaseback of equipment		(32)	7	(69)
Total costs and operating expenses	16,541	11,511	31,397	23,041
Loss from operations	(5,250)	(794)	(10,340)	(1,856)
Interest income	4	1	6	3
Interest expense	(1,896)	(1,780)	(3,565)	(3,804)
Change in fair value of preferred stock warrant liability		(231)		(274)
Change in fair value of subordinated note embedded derivative liability		6,338		7,367
Income (loss) before income taxes	(7,142)	3,534	(13,899)	1,436
Income tax expense			2	
Net income (loss) and comprehensive income (loss)	\$ (7,142)	\$ 3,534	\$ (13,901)	\$ 1,436
Net income (loss) per share attributable to common stockholders, basic	\$ (0.40)	\$ 0.50	\$ (0.77)	\$ 0.03
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.40)	\$ 0.33	\$ (0.77)	\$ 0.02
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	18,071,320	2,232,300	18,052,809	2,231,049
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	18,071,320	5,930,309	18,052,809	3,482,956

See accompanying notes to condensed financial statements



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## CORIUM INTERNATIONAL, INC.

## CONDENSED STATEMENT OF STOCKHOLDERS EQUITY (DEFICIT)

(in thousands, except share and per share data)

(Unaudited)

	Shares	Common Stock Amount		Additional Paid-in Capital		Accumulated Deficit		Total Stockholders Equity (Deficit)
Balance September 30, 2014	18,003,883	\$ 18	\$	114,117	\$	(102,335)	\$	11,800
Issuance of common stock under Employee Stock Purchase Plan	61,042			298				298
Issuance of common stock upon exercise of stock options	7,941			13				13
Stock-based compensation expense				1,364				1,364
Net loss and comprehensive loss						(13,901)		(13,901)
Balance March 31, 2015	18,072,866	\$ 18	\$	115,792	\$	(116,236)	\$	(426)

*See accompanying notes to condensed financial statements.*



Table of Contents**CORIUM INTERNATIONAL, INC.****CONDENSED STATEMENTS OF CASH FLOWS****(in thousands)****(Unaudited)**

	<b>Six Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss) and comprehensive income (loss)	\$ (13,901)	\$ 1,436
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation and amortization of property and equipment	1,102	1,054
(Gain) / loss on disposal and sale and leaseback of equipment	7	(69)
Amortization of premium on modification of subordinated note		(286)
Change in fair value of preferred stock warrant liability		274
Change in fair value of subordinated note embedded derivative liability		(7,367)
Amortization of intangible assets	323	261
Noncash amortized issue costs on long-term debt and capital leases	87	171
Noncash amortized discount on long-term debt and capital leases	12	104
Stock-based compensation expense	1,364	250
Changes in operating assets and liabilities:		
Accounts receivable	(723)	(1,128)
Unbilled accounts receivable	153	(848)
Inventories, net	(369)	1,469
Prepaid expenses and other current assets	606	454
Accounts payable	121	144
Accrued expenses and other current liabilities	70	1,412
Deferred contract revenues	(176)	86
Recall liability	(359)	(627)
Long-term interest payable		823
Net cash used by operating activities	(11,683)	(2,387)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(419)	(1,648)
Proceeds from sale of equipment		12
Proceeds from repayment of notes receivable related parties		100
Payments for patents and licensing rights	(381)	(308)
Net cash used by investing activities	(800)	(1,844)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	10,000	
Payment of transaction costs on issuance of common stock and long-term debt	(150)	(1,832)
Principal payments on long-term debt	(33)	(452)
Principal payments on capital lease obligations	(380)	(525)
Borrowings on bank lines of credit		1,298
Payments on bank lines of credit		(2,513)
Proceeds from exercise of stock options	13	7
Proceeds from issuance of common stock under employee stock purchase plan	298	
Net cash provided (used) by financing activities	9,748	(4,017)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,735)</b>	<b>(8,248)</b>
<b>CASH AND CASH EQUIVALENTS Beginning of period</b>	<b>36,395</b>	<b>13,581</b>
<b>CASH AND CASH EQUIVALENTS End of period</b>		