



Acorda Therapeutics, Inc.

Third Quarter 2021 Update Conference Call

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C O R P O R A T E P A R T I C I P A N T S

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Michael Gesser, *Chief Financial Officer*

P R E S E N T A T I O N

Operator

Good afternoon. Good evening. Welcome to the Acorda Therapeutics Third Quarter 2021 Update.

Please be advised that this call is being recorded at the Company's request.

I will now introduce your host for today's call, Tierney Saccavino from Acorda. Please go ahead.

Tierney Saccavino

Thank you, Felicia. Good afternoon, everyone.

Before we begin, let me remind you that our presentation will contain forward-looking statements. Detailed disclosures can be found in our SEC filings, which are public and we encourage you to refer to those filings. As a reminder to our callers, during the Q&A, we will only take calls from our analysts.

I will now pass the call over to our CEO, Ron Cohen. Ron.

Ron Cohen, M.D.

Thank you, Tierney. Welcome, everyone.

I'm pleased to open with late breaking news. This afternoon, we announced that we had executed an agreement with Esteve to commercialize INBRIJA in Germany, which is the largest pharmaceutical market in Europe and the fourth largest in the world. Acorda will receive a \$5 million euro upfront payment from Esteve, but also receive a significant double-digit percent of the selling price for supplying the product and additionally, milestone payments based on net sales.

We previously announced an agreement with Esteve to commercialize INBRIJA in Spain. Esteve is a prominent, highly successful pharmaceutical Company in the EU, and these deals further validate and INBRIJA's importance as an innovative treatment for the many people with Parkinson's disease who suffer from off-periods. Esteve expects to launch INBRIJA in Germany in mid-2022. As a reminder, the GBA, which makes reimbursement assessments in Germany, has not required a benefit assessment prior to INBRIJA's launch.

We're in discussions with additional parties to commercialize INBRIJA in other territories in Europe and the rest of the world.

I'm pleased to report that INBRIJA net revenue for the third quarter of 2021 was \$7.8 million. That's a 34% increase over the same quarter in 2020. That was particularly encouraging in light of the continuing impact of the pandemic.

AMPYRA net revenue was likewise encouraging at \$20 million. AMPYRA remains an important contributor to shareholder value and to our goal of becoming cash flow neutral on a run-rate basis by the end of 2022.

I'm also very pleased to announce that we've added two season biopharma Executives to our leadership team. Mike Gesser has joined Acorda as CFO. Mike has held Senior Finance positions at both large and small companies including Allergan. He will enhance our ability to maintain fiscal discipline, increase the efficiency of the organization, and to continue to build shareholder value.

Neil Beloff has joined Acorda as General Counsel. Neil has extensive senior legal experience at biopharma companies such as Celgene and he's also served at the Securities and Exchange Commission.

We also announced that Burkhard Blank, our Chief Medical Officer, will be leaving his position with Acorda at the end of this year, but he will continue to advise the Company in a consulting role. I want to thank Dr. Blank for his years of service. Under his leadership, we secured marketing authorizations for INBRIJA from both the FDA and the European Medicines Agency. We're also very pleased that a quarter we will continue to benefit from his expertise in his new role as consultant to the Company.

Moving to INBRIJA's trajectory. As a reminder, INBRIJA is inhaled levodopa. It's indicated to address the return of symptoms or off periods that many people with Parkinson's experience in between their doses of regularly scheduled medication. As I mentioned, the pandemic has continued to pose headwinds for INBRIJA's launch. This has manifested in a number of ways.

First, although, more patients are now visiting doctors than earlier in the pandemic, levels still haven't returned to the pre-pandemic norms overall. In addition, many practices remain close to in-person visits by salespeople. Until very recently, we're also not able to hold patient or physicians speaker programs in person. Also, for people with Parkinson's disease in particular, many had reduced their activities significantly such that they've been less likely to report to their physicians their need for a therapy to treat their off periods. Now, all that said, we are seeing improvements in these trends as the pandemic subsides and we expect that as long as it continues to subside, we will continue to do so.

Despite those headwinds, our team has been able to adapt creatively through digital means and otherwise. We've continued to see encouraging signs of growth in INBRIJA compared to the third quarter of 2020.

As I mentioned, we had a 34% year-over-year increase in net sales. We also had a 16% increase in total prescriptions over Q3 2020. Importantly, we had a 19% increase in organic growth, which we measure by the number of cartons that are dispensed to patients, which most accurately reflects demand.

We've seen that as each of the four waves of the pandemic to-date has receded. There have been corresponding upward trends in prescriptions for INBRIJA. Again, we believe that when the pandemic fully recedes, we should see a further upward inflection in INBRIJA's trajectory.

With regard to AMPYRA, net revenue decreased by about 28% over Q3 2020. While we expect revenue to continue to decrease over time, we believe the rate of the decrease has begun to stabilize. Note that quarter-over-quarter sales in the first three quarters of 2021 have been fairly level. We believe that the durability of this product is due to a number of factors.

First, patients and their physicians remain loyal to the brand. We've earned that loyalty based on education, support and the care that we've always provided and continued to provide for branded AMPYRA. That includes our first step program in which commercially insured patients get their first two boxes or first two months of AMPYRA free, and we also provide co-pay mitigation for commercially insured patients, and we provide physician and reimbursement support. Our field sales team is also continuing to call on MS specialists where they maintain strong relationships.

I'd like to now introduce our new CFO, Mike Gesser, to provide an overview of the financials. Mike.

Michael Gesser

Thanks, Ron.

I'm very happy to join you all hear the quarter and I'm looking forward to continuing to rebuild shareholder value with the team. Quarter announced restructuring and further budget cuts in September of 2021, with the goal of aligning our operating expenses to our revenue.

Company reduced head count by 15%, the majority of which took place immediately with the balance expected to be completed by the first quarter of 2022. We expect there will be a \$20 million in annualized cost savings from the headcount reductions and additional budget cuts.

Our financials are summarized in this table in more detail in our press release and 10Q.

In terms of burn rate, we anticipate the Q3 burn rate of \$9.5 million will decrease in the fourth quarter and into 2022, with the goal of being cash flow neutral by year-end 2022 on a run-rate basis.

Now, I'll turn things back over to Ron.

Ron Cohen, M.D.

Thanks, Mike.

Moving forward, our focus is to build long-term value at Acorda through execution of the key goals you see here. First, continuing to drive INBRIJA's growth. Initiatives we've taken to enhance the patient experience are continuing to yield positive results. As I noted earlier, net sales increased by 34% and dispense cartons grew by 19%. That was despite the pandemic, and as the effects of the pandemic continued to recede, we expect our field teams will gain increasing access to the physicians offices, and patients will have returned both to their normal levels of activity and to their regular office visit schedules. We expect all of those trends to positively impact INBRIJA's trajectory going forward.

We also just executed a terrific deal for Europe's biggest market, Germany, and we continue to be in active discussions with several parties for additional territories in Europe and the rest of the world.

Regarding AMPYRA, while we expect the brand to continue to decline against generics overtime. We've been encouraged by its durability to date and will continue to provide the support programs and have our field teams calling on MS offices.

Another key factor is we will be continuing our fiscal discipline to achieve our goal of being cash flow neutral on a run-rate basis by the end of 2022. As I mentioned, we expect annualized cost savings of approximately \$20 million from our recent reduction in headcount and budget cuts. In addition, we expect to have the royalties from Biogen an ex-U.S. sales of Fampyra, which is the ex-U.S. version of AMPYRA. We expect to have those royalties revert back to a quarter in the second half of 2022. Those are double-digit tiered royalties on net sales. They will be a significant add.

We're also seeking to build on the Arcus technology platform that we've now had validated by the approval of INBRIJA in the U.S. and the E.U. We are discussing collaborations with other companies that have expressed interest in formulating their novel molecules for pulmonary delivery with Arcus, and we have feasibility studies ongoing for a number of those opportunities.

With that, we will open the call for your questions. Operator?

Operator

We have no questions from the telephone lines. I'll hand back to the management team.

Ron Cohen, M.D.

All right. Well, thank you and thank you all for joining us. We're very pleased to deliver this quarter's results and we look forward to updating you next quarter. Have a great Thanksgiving.

Operator

Ladies and gentlemen, this concludes today's call. Thank you all for joining. You may now disconnect your line.