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, 2021

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 001-31938

ACORDA THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3831168**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
420 Saw Mill River Road, Ardsley, New York	**10502**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (914) 347-4300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock $0.001 par value	ACOR	Nasdaq Global Select Market

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 every Interactive Data File required to be submitted 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 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	☒	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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 7, 2021
Common Stock, $0.001 par value per share	9,488,596 shares

ACORDA THERAPEUTICS, INC.
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This Quarterly Report on Form 10-Q contains forward-looking statements relating to future events and our future performance within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Stockholders are cautioned that such statements involve risks and uncertainties, including: We may not be able to successfully market Ampyra, Inbrija or any other products under development; the COVID-19 pandemic, including related quarantines and travel restrictions, and the potential for the illness to affect our employees or consultants or those that work for other companies we rely upon, could have a material adverse effect on our business operations or product sales; our ability to raise additional funds to finance our operations, repay outstanding indebtedness or satisfy other obligations, and our ability to control our costs or reduce planned expenditures; risks associated with the trading of our common stock and our reverse stock split; risks related to our workforce, including our ability to realize the expected benefits of our corporate restructuring; risks associated with complex, regulated manufacturing processes for pharmaceuticals, which could affect whether we have sufficient commercial supply of Inbrija to meet market demand; our reliance on third party manufacturers for the production of commercial supplies of Ampyra and Inbrija; third-party payers (including governmental agencies) may not reimburse for the use of Inbrija or our other products at acceptable rates or at all and may impose restrictive prior authorization requirements that limit or block prescriptions; competition for Inbrija, Ampyra and other products we may develop and market in the future, including increasing competition and accompanying loss of revenues in the U.S. from generic versions of Ampyra (dalfampridine) following our loss of patent exclusivity; the ability to realize the benefits anticipated from acquisitions, among other reasons because acquired development programs are generally subject to all the risks inherent in the drug development process and our knowledge of the risks specifically relevant to acquired programs generally improves over time; the risk of unfavorable results from future studies of Inbrija (levodopa inhalation powder) or from our other research and development programs, or any other acquired or in-licensed programs; the occurrence of adverse safety events with our products; the outcome (by judgment or settlement) and costs of legal, administrative or regulatory proceedings, investigations or inspections, including, without limitation, collective, representative or class action litigation; failure to protect our intellectual property, to defend against the intellectual property claims of others or to obtain third party intellectual property licenses needed for the commercialization of our products; and failure to comply with regulatory requirements could result in adverse action by regulatory agencies. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate and management's beliefs and assumptions. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "will," "would," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make, and investors should not place undue reliance on these statements. In addition to the risks and uncertainties described above, we have included important factors in the cautionary statements included in this report and in our Annual Report on Form 10-K for the year ended December 31, 2020, particularly in the "Risk Factors" section (as updated by the disclosures in our subsequent quarterly reports, including this report), that we believe could cause actual results or events to differ materially from the forward-looking statements that we make. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments that we may make. Forward-looking statements in this report are made only as of the date hereof, and we do not assume any obligation to publicly update any forward-looking statements as a result of developments occurring after the date of this report.

We and our subsidiaries own several registered trademarks in the U.S. and in other countries. These registered trademarks include, in the U.S., the marks "Acorda Therapeutics," our stylized Acorda Therapeutics logo, "Biotie Therapies," "Ampyra," "Inbrija," and "ARCUS." Also, our marks "Fampyra" and "Inbrija" are registered marks in the European Community Trademark Office and we have registrations or pending applications for these marks in other jurisdictions. Our trademark portfolio also includes several registered trademarks and pending trademark applications in the U.S. and worldwide for potential product names or for disease awareness activities. Third party trademarks, trade names, and service marks used in this report are the property of their respective owners.

PART I

Item 1. Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share data)	March 31, 2021 (unaudited)	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 116,773	$ 71,369
Restricted cash	13,054	12,917
Trade accounts receivable, net of allowances of $904 and $1,266, as of March 31, 2021 and December 31, 2020, respectively	17,295	20,193
Prepaid expenses	12,882	14,807
Inventory, net	27,415	28,677
Assets held for sale	—	71,795
Other current assets	2,300	1,577
Total current assets	189,719	221,335
Property and equipment, net of accumulated depreciation	6,451	7,263
Intangible assets, net of accumulated amortization	359,245	366,981
Right of use asset, net of accumulated amortization	10,013	18,481
Restricted cash	18,609	18,609
Other assets	11	11
Total assets	$ 584,048	$ 632,680
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 9,488	$ 12,155
Accrued expenses and other current liabilities	38,123	38,167
Current portion of loans payable	68,529	68,631
Current portion of liability related to sale of future royalties	9,015	8,731
Current portion of lease liabilities	6,198	7,944
Current portion of acquired contingent consideration	1,698	1,624
Total current liabilities	133,051	137,252
Convertible senior notes	140,751	137,619
Derivative liability	1,418	1,193
Non-current portion of acquired contingent consideration	45,302	46,576
Non-current portion of lease liabilities	9,810	17,200
Non-current portion of loans payable	27,623	28,555
Deferred tax liability	15,495	19,116
Non-current portion of liability related to sale of future royalties	3,642	6,526
Other non-current liabilities	677	688
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value. Authorized 1,000,000 shares at March 31, 2021 and December 31, 2020; no shares issued as of March 31, 2021 and December 31, 2020, respectively	—	—
Common stock, $0.001 par value. Authorized 61,666,666 shares at March 31, 2021 and December 31, 2020; issued 9,476,256 and 9,475,631 shares, including those held in treasury, as of March 31, 2021 and December 31, 2020, respectively	9	9
Treasury stock at cost (5,543 shares at March 31, 2021 and December 31, 2020)	(638)	(638)
Additional paid-in capital	1,008,497	1,007,790
Accumulated deficit	(799,855)	(766,403)
Accumulated other comprehensive (loss) income	(1,734)	(2,803)
Total stockholders' equity	206,279	237,955
Total liabilities and stockholders' equity	$ 584,048	$ 632,680

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(unaudited)

(In thousands, except per share data)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenues:		
Net product revenues	$ 25,247	$ 24,672
Royalty revenues	3,615	3,427
Total net revenues	28,862	28,099
Costs and expenses:		
Cost of sales	11,961	3,843
Research and development	4,749	7,705
Selling, general and administrative	33,968	41,108
Amortization of intangible assets	7,691	7,691
Asset impairment	—	4,131
Change in fair value of derivative liability	225	(26,528)
Changes in fair value of acquired contingent consideration	(951)	(3,682)
Total operating expenses	57,643	34,268
Operating loss	(28,781)	(6,169)
Other income (expense), net:		
Interest and amortization of debt discount expense	(7,825)	(7,566)
Interest income	3	312
Other income (expense)	1	(42)
Realized loss on foreign currency transactions	(1)	(5)
Total other expense, net	(7,822)	(7,301)
Loss before taxes	(36,603)	(13,470)
Benefit from income taxes	3,152	6,998
Net loss	$ (33,451)	$ (6,472)
Net loss per share—basic	$ (3.53)	$ (0.81)
Net loss per share—diluted	$ (3.53)	$ (0.81)
Weighted average common shares outstanding used in computing net loss per share—basic	9,470	7,960
Weighted average common shares outstanding used in computing net loss per share—diluted	9,470	7,960

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Loss

(unaudited)

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Net loss	$ (33,451)	$ (6,472)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	1,069	387
Unrealized loss on available for sale debt securities	—	(37)
Other comprehensive income, net of tax	1,069	350
Comprehensive loss	$ (32,382)	$ (6,122)

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

(unaudited)

(In thousands)	Common stock Number of shares	Common stock Par value	Treasury stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Total stockholders equity
Balance at December 31, 2020	9,476	$ 9	$ (638)	$ 1,007,790	$ (766,403)	$ (2,803)	$ 237,955
Compensation expense for issuance of stock options to employees	—	—	—	483	—	—	483
Compensation expense for issuance of restricted stock to employees	—	—	—	224	—	—	224
Exercise of stock options	—	—	—	—	—	—	—
Purchase of Treasury Stock	—	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	—	1,069	1,069
Net loss	—	—	—	—	(33,451)	—	(33,451)
Balance at March 31, 2021	9,476	$ 9	$ (638)	$ 1,008,497	(799,854)	$ (1,734)	$ 206,279

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity (Continued)

(unaudited)

(In thousands)	Common stock Number of shares	Common stock Par value	Treasury stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive (loss) income	Total stockholders equity
Balance at December 31, 2019	7,964	$ 8	$ (638)	$ 979,428	$ (666,809)	$ (1,169)	$ 310,820
Compensation expense for issuance of stock options to employees	—	—	—	1,976	—	—	1,976
Compensation expense for issuance of restricted stock to employees	—	—	—	—	—	—	—
Exercise of stock options	—	—	—	—	—	—	—
Purchase of Treasury Stock	—	—	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	—	350	350
Net loss	—	—	—	—	(6,472)	—	(6,472)
Balance at March 31, 2020	7,964	$ 8	$ (638)	$ 981,404	$ (673,281)	$ (819)	$ 306,674

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(unaudited)

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Cash flows from operating activities:		
Net loss	$ (33,451)	$ (6,472)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Share-based compensation expense	707	1,976
Amortization of net premiums and discounts on investments	—	(47)
Amortization of debt discount and debt issuance costs	4,271	4,054
Depreciation and amortization expense	8,527	10,077
Asset impairment	—	4,131
Change in acquired contingent consideration obligation	(951)	(3,682)
Non-cash royalty revenue	(3,000)	(3,016)
Deferred tax provision (benefit)	(3,152)	6,796
Change in derivative liability	225	(26,528)
Changes in assets and liabilities:		
Decrease in accounts receivable	2,898	7,114
(Increase) decrease in prepaid expenses and other current assets	811	(16,548)
Increase in inventory	(1,006)	(345)
Decrease in other assets	—	17
Decrease in accounts payable, accrued expenses and other current liabilities	(2,567)	(15,920)
Decrease in other non-current liabilities	(200)	(387)
Net cash used in operating activities	(26,888)	(38,779)
Cash flows from investing activities:		
Purchases of property and equipment	(28)	(2,245)
Purchases of intangible assets	(26)	—
Proceeds from maturities of investments	—	13,288
Net cash (used in) provided by investing activities	(54)	11,043
Cash flows from financing activities:		
Debt issuance costs	—	(981)
Proceeds from sale of Chelsea facility, net	73,969	—
Repayment of loans payable	(655)	(597)
Net cash provided by (used in) financing activities	73,314	(1,578)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(831)	(15)
Net increase (decrease) in cash, cash equivalents and restricted cash	45,541	(29,330)
Cash, cash equivalents and restricted cash at beginning of period	102,895	105,192
Cash, cash equivalents and restricted cash at end of period	$ 148,436	$ 75,862
Supplemental disclosure:		
Cash paid for interest	$ 6	$ 12
Cash paid for taxes	2	63

See accompanying Unaudited Notes to Consolidated Financial Statements

ACORDA THERAPEUTICS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(unaudited)

(1) Organization and Business Activities

Acorda Therapeutics, Inc. ("Acorda" or the "Company") is a biopharmaceutical company focused on developing therapies that restore function and improve the lives of people with neurological disorders.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information, Accounting Standards Codification (ASC) Topic 270-10 and with the instructions to Form 10-Q. Accordingly, these financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In management's opinion, all adjustments considered necessary for a fair presentation have been included in the interim periods presented and all adjustments are of a normal recurring nature. The Company has evaluated subsequent events through the date of this filing. Operating results for the three-month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021. When used in these notes, the terms "Acorda" or "the Company" mean Acorda Therapeutics, Inc. The December 31, 2020 consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. You should read these unaudited interim condensed consolidated financial statements in conjunction with the consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K, for the year ended December 31, 2020.

(2) Summary of Significant Accounting Policies

Our significant accounting policies are detailed in our Annual Report on Form 10-K for the year ended December 31, 2020. Effective January 1, 2021, the Company adopted ASU 2019-12, "Simplifying the Accounting for Income Taxes" (Topic 740). Other than the adoption of the new accounting guidance, our significant accounting policies have not changed materially from December 31, 2020.

Basis of Presentation

On December 31, 2020, we filed an amendment to our Certificate of Incorporation which effected, as of 4:01 p.m. Eastern Time on December 31, 2020, a 1-for-6 reverse stock split of the shares of our outstanding common stock and proportionate reduction in the number of authorized shares of our common stock from 370,000,000 to 61,666,666. Our common stock began trading on a split-adjusted basis on The Nasdaq Global Select Market commencing upon market open on January 4, 2021. The common stock continued to trade under the symbol "ACOR" after the reverse stock split became effective. The reverse stock split applied equally to all outstanding shares of the common stock and did not modify the rights or preferences of the common stock. As such, all figures in this report relating to shares of our common stock (such as share amounts, per share amounts, and conversion rates and prices), including in the financial statements and accompanying notes to the financial statements, have been retroactively restated to reflect the 1-for-6 reverse stock split of our common stock.

Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same amounts shown in the statement of cash flows:

	Three-month period ended March 31, 2021		Three-month period ended March 31, 2020	
(In thousands)	Beginning of period	End of period	Beginning of period	End of period
Cash and cash equivalents	$ 71,369	$ 116,773	$ 62,085	$ 32,417
Restricted cash	12,917	13,054	12,836	13,175
Restricted cash non-current	18,609	18,609	30,270	30,270
Total Cash, cash equivalents and restricted cash per statement of cash flows	$ 102,895	$ 148,436	$ 105,191	$ 75,862

Restricted cash represents an escrow account with funds to maintain the interest payments for an amount equal to all remaining scheduled interest payments on the outstanding convertible senior secured notes due 2024 through the interest payment date of June 1, 2023; and a bank account with funds to cover the Company's self-funded employee health insurance. At March 31, 2021, the Company also held $0.2 million of restricted cash related to cash collateralized standby letters of credit in connection with obligations under facility leases and $18.4 million related to the escrow account for interest payments included in restricted cash non-current in the consolidated balance sheet due to the long-term nature of the letters of credit and interest payments. (see Note 10).

Inventory

The major classes of inventory were as follows:

(In thousands)	March 31, 2021	December 31, 2020
Raw materials	$ 1,024	$ 3,434
Work-in-progress	—	6,602
Finished goods	26,391	18,641
Total	$ 27,415	$ 28,677

The Company reviews inventory, including inventory purchase commitments, for slow moving or obsolete amounts based on expected product sales volume and provides reserves against the carrying amount of inventory as appropriate. On February 10, 2021, we completed the sale of our Chelsea, Massachusetts manufacturing operations to Catalent Pharma Solutions. In connection with the sale of the manufacturing operations, we transferred approximately $2.3 million of raw materials to Catalent (see Note 12). Additionally, in reviewing the inventory for slow moving or obsolete amounts we recorded a charge of $1.3 million for the remaining work-in-progress inventory that was scrapped or discarded during the three-month period ended March 31, 2021.

Foreign Currency Translation

The functional currency of operations outside the United States of America is deemed to be the currency of the local country, unless otherwise determined that the United States dollar would serve as a more appropriate functional currency given the economic operations of the entity. Accordingly, the assets and liabilities of the Company's foreign subsidiary, Biotie, are translated into United States dollars using the period-end exchange rate; income and expense items are translated using the average exchange rate during the period; and equity transactions are translated at historical rates. Cumulative translation adjustments are reflected as a separate component of equity. Foreign currency transaction losses and gains are recognized in the period incurred and are reported as other (expense) income, net in the statement of operations.

Segment and Geographic Information

The Company is managed and operated as one business which is focused on developing therapies that restore function and improve the lives of people with neurological disorders. The entire business is managed by a single management team that reports to the Chief Executive Officer, who is the chief operating decision maker. The Company does not operate separate lines of business with respect to any of its products or product candidates and the Company does not prepare discrete financial information with respect to separate products or product candidates or by location. Accordingly, the Company views its business as one reportable operating segment. Net product revenues reported are derived from the sales of Inbrija and Ampyra in the U.S. for the three-month periods ended March 31, 2021 and 2020.

Impairment of Long-Lived Assets

The Company continually evaluates whether events or circumstances have occurred that indicate that the estimated remaining useful lives of its long-lived assets, including identifiable intangible assets subject to amortization and indefinite lived intangible assets not subject to amortization and property plant and equipment, may warrant revision or that the carrying value of the assets may be impaired. Factors the Company considers important that could trigger an impairment review include significant changes in the use of any assets, changes in historical trends in operating performance, changes in

projected operating performance, results of clinical trials, stock price, loss of a major customer and significant negative economic trends. Based on the Company's evaluation for the three-month period ended March 31, 2020, the Company determined that its indefinite lived intangible asset BTT1023 was fully impaired and recorded an asset impairment in its consolidated statement of operations. The Company also determined that no impairments were required during the three-month period ended March 31, 2021.

Liquidity

The Company's ability to meet its future operating requirements, repay its liabilities, and meet its other obligations are dependent upon a number of factors, including its ability to generate cash from product sales, reduce planned expenditures, and obtain additional financing. If the Company is unable to generate sufficient cash flow from the sale of its products, it will be required to adopt one or more alternatives, subject to the restrictions contained in the indenture governing its convertible senior secured notes due 2024, such as further reducing expenses, selling assets, restructuring debt, or obtaining additional equity capital on terms that may be onerous and which are likely to be highly dilutive. Also, the Company's ability to raise additional capital and repay or restructure its indebtedness will depend on the capital markets and its financial condition at such time, among other factors. In addition, financing may not be available when needed, at all, on terms acceptable to us or in accordance with the restrictions described above. As a result of these factors, the Company may not be able to engage in any of the alternative activities, or engage in such activities on desirable terms, which could harm the Company's business, financial condition and results of operations, as well as result in a default on the Company's debt obligations. If the Company is unable to take these actions, it may be forced to significantly alter its business strategy, substantially curtail its current operations, or cease operations altogether.

At March 31, 2021, the Company had $116.8 million of cash and cash equivalents, compared to $71.4 million at December 31, 2020. The Company's March 31, 2021 cash and cash equivalents balance does not include restricted cash, currently held in escrow under the terms of its convertible senior secured notes due 2024, which may potentially be released from escrow if the Company pays interest on those notes using shares of its common stock. The Company incurred a net loss of $33.5 million for the three-month period ended March 31, 2021.

Based on the Company's cash and cash equivalents at March 31, 2021, which includes net proceeds received from the sale of the Company's Chelsea manufacturing operations in February 2021, and the Company's obligations that are due within the next twelve months, management has concluded that there is no substantial doubt regarding the Company's ability to meet its obligations within one year after the date the consolidated financial statements included in this report are issued.

Subsequent Events

Subsequent events are defined as those events or transactions that occur after the balance sheet date, but before the financial statements are filed with the Securities and Exchange Commission. The Company completed an evaluation of the impact of any subsequent events through the date these financial statements were issued, and determined there were no subsequent events that required disclosure in these financial statements.

Accounting Pronouncements Adopted

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes. The ASU enhances and simplifies various aspects of the income tax accounting guidance in ASC 740 and removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The ASU also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. This ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years with early adoption permitted. The Company adopted this guidance effective January 1, 2021. The adoption of this guidance did not have a significant impact on the consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-03, "Codification Improvements to Financial Instruments": The amendments in this update are to clarify, correct errors in, or make minor improvements to a variety of ASC topics. The changes in ASU 2020-03 are not expected to have a significant effect on current accounting practices. The ASU improves

various financial instrument topics in the Codification to increase stakeholder awareness of the amendments and to expedite the improvement process by making the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications. The ASU is effective for smaller reporting companies for fiscal years beginning after December 15, 2022 with early application permitted. The Company is currently evaluating the impact the adoption of this guidance may have on its consolidated financial statements.

In August 2020, the FASB issued ASCU 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. This update simplifies the accounting for convertible instruments by eliminating the cash conversion and beneficial conversion feature models which require separate accounting for embedded conversion features. This update also amends the guidance for the derivatives scope exception for contracts in an entity's own equity to reduce form-over-substance-based accounting conclusions and requires the application of the if-converted method for calculating diluted earnings per share. ASU 2020-06 is effective for smaller reporting companies for fiscal periods beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact the adoption of this guidance may have on its consolidated financial statements.

(3) Revenue

In accordance with ASC 606, the Company recognizes revenue when the customer obtains control of a promised good or service, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the good or service. ASC 606 requires entities to record a contract asset when a performance obligation has been satisfied or partially satisfied, but the amount of consideration has not yet been received because the receipt of the consideration is conditioned on something other than the passage of time. ASC 606 also requires an entity to present a revenue contract as a contract liability in instances when a customer pays consideration, or an entity has a right to an amount of consideration that is unconditional (e.g. receivable), before the entity transfers a good or service to the customer. We did not have any contract assets or any contract liabilities as of March 31, 2021 and 2020.

The following table disaggregates our revenue by major source:

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenues:		
Net product revenues:		
Ampyra	$ 20,250	$ 20,124
Inbrija	4,996	4,354
Other	1	194
Total net product revenues	25,247	24,672
Royalty revenues	3,615	3,427
Total net revenues	$ 28,862	$ 28,099

(4) Share-based Compensation

During the three-month periods ended March 31, 2021 and 2020, the Company recognized share-based compensation expense of $0.7 million and $2.0 million, respectively. Activity in options and restricted stock during the three-month period ended March 31, 2021 and related balances outstanding as of that date are reflected below. The weighted average fair value per share of options granted to employees for the three-month periods ended March 31, 2021 and 2020 were approximately $3.81 and $5.90, respectively.

The following table summarizes share-based compensation expense included within the consolidated statements of operations:

(In thousands)	For the Three-month period ended March 31, 2021	2020
Research and development expense	$ 166	$ 416
Selling, general and administrative expense	534	1,479
Cost of Sales	7	81
Total	$ 707	$ 1,976

A summary of share-based compensation activity for the three-month period ended March 31, 2021 is presented below:

Stock Option Activity

	Number of Shares (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Intrinsic Value (In thousands)
Balance at January 1, 2021	1,331	$ 127.13		
Granted	1	5.67		
Cancelled	(104)	105.34		
Exercised	—	—		
Balance at March 31, 2021	1,228	$ 128.87	4.7	$ 7
Vested and expected to vest at March 31, 2021	1,227	$ 128.96	4.7	$ 7
Vested and exercisable at March 31, 2021	1,081	$ 142.50	4.2	$ —

Restricted Stock and Performance Stock Unit Activity

(In thousands) Restricted Stock and Performance Stock Units	Number of Shares
Nonvested at January 1, 2021	31
Granted	261
Vested	(1)
Forfeited	(12)
Nonvested at March 31, 2021	279

Unrecognized compensation cost for unvested stock options, restricted stock awards and performance stock units as of March 31, 2021 totaled $5.3 million and is expected to be recognized over a weighted average period of approximately 1.3 years.

During the three-month period ended March 31, 2021, the Company did not make any repurchases of shares.

(5) Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for the three-month periods ended March 31, 2021 and 2020:

(In thousands, except per share data)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Basic and diluted		
Net loss	$ (33,451)	$ (6,472)
Weighted average common shares outstanding used in computing net loss per share—basic	9,470	7,960
Plus: net effect of dilutive stock options and restricted common shares	—	—
Weighted average common shares outstanding used in computing net loss per share—diluted	9,470	7,960
Net loss per share—basic	$ (3.53)	$ (0.81)
Net loss per share—diluted	$ (3.53)	$ (0.81)

Securities that could potentially be dilutive are excluded from the computation of diluted loss per share when a loss from continuing operations exists or when the exercise price exceeds the average closing price of the Company's common stock during the period, because their inclusion would result in an anti-dilutive effect on per share amounts.

The following amounts were not included in the calculation of net loss per diluted share because their effects were anti-dilutive:

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Denominator		
Stock options and restricted common shares	1,391	1,730

Performance share units are excluded from the calculation of net loss per diluted share as the performance criteria has not been met for the three-month periods ended March 31, 2021 and 2020. Additionally, the impact of the convertible senior notes was determined to be anti-dilutive and excluded from the calculation of net loss per diluted share for the three-month periods ended March 31, 2021 and 2020.

(6) Income Taxes

The Company's effective income tax rate differs from the U.S. statutory rate primarily due to an increase in the valuation allowance and expense recorded on the equity forfeiture.

For the three-month periods ended March 31, 2021 and 2020, the Company recorded a benefit of $3.2 million and $7.0 million for income taxes, respectively. The effective income tax rates for the Company for the three-month periods ended March 31, 2021 and 2020 were 8.6% and 52.0%, respectively. The variances in the effective tax rates for the three-month period ended March 31, 2021 as compared to the three-month period ended March 31, 2020 was due primarily to the valuation allowance recorded on deferred tax assets for which no tax benefit can be recognized and the benefit recorded on the net operating loss carryback under the CARES act recorded at 21% to recover taxes paid at the previous statutory rate of 35%.

The Company continues to evaluate the realizability of its deferred tax assets on a quarterly basis and will adjust such amounts in light of changing facts and circumstances including, but not limited to, future projections of taxable income, tax legislation, rulings by relevant tax authorities, the progress of ongoing tax audits and the regulatory approval of products currently under development. Any changes to the valuation allowance or deferred tax assets and liabilities in the future would impact the Company's income taxes.

The Company was notified during the three-month period ended March 31, 2021, they are being audited by the state of Massachusetts for the tax years 2018 and 2019. There have been no proposed adjustments at this stage of the examination.

The Company also has ongoing state examinations in New Jersey and Minnesota which cover a range of tax periods, 2015 – 2018. There have been no proposed adjustments at this stage of the examinations.

(7) Fair Value Measurements

The following table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable, such as quoted prices, interest rates, exchange rates and yield curves. Fair values determined by Level 3 inputs utilize unobservable data points for the asset or liability. The Company's Level 1 assets consist of investments in a Treasury money market fund and U.S. government securities. The Company's level 2 assets consist of investments in corporate bonds and commercial paper which are categorized as short-term investments for investments with original maturities between three months and one year. The Company's Level 3 liabilities represent acquired contingent consideration related to the acquisition of Civitas which are valued using a probability weighted discounted cash flow valuation approach and derivative liabilities related to conversion options for the convertible senior notes due December 2024 which are valued using a binomial model. For assets and liabilities not accounted for at fair value, the carrying values of these accounts approximates their fair values at March 31, 2021, except for the fair value of the Company's convertible senior notes due June 2021, which was approximately $66.9 million and the fair value of the Company's convertible senior notes due December 2024, which was approximately $153.2 million as of March 31, 2021. The Company estimates the fair value of its notes utilizing market quotations for the debt (Level 2).

(In thousands)	Level 1	Level 2	Level 3
March 31, 2021			
Assets Carried at Fair Value:			
Money market funds	$ 33,692	$ —	$ —
Corporate bonds	—	—	—
Liabilities Carried at Fair Value:			
Acquired contingent consideration	—	—	47,000
Derivative liability - conversion option	—	—	1,418
December 31, 2020			
Assets Carried at Fair Value:			
Money market funds	$ 36,693	$ —	$ —
Commercial paper	—	—	—
Corporate bonds	—	—	—
Liabilities Carried at Fair Value:			
Acquired contingent consideration	—	—	48,200
Derivative liability - conversion option	—	—	1,193

The following table presents additional information about liabilities measured at fair value on a recurring basis and for which the Company utilizes Level 3 inputs to determine fair value.

Acquired contingent consideration

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Acquired contingent consideration:		
Balance, beginning of period	$ 48,200	$ 80,300
Fair value change to contingent consideration included in the statement of operations	(951)	(3,682)
Royalty payments	(249)	(218)
Balance, end of period	$ 47,000	$ 76,400

The Company estimates the fair value of its acquired contingent consideration using a probability weighted discounted cash flow valuation approach based on estimated future sales expected from Inbrija (levodopa inhalation powder), an FDA approved drug for the treatment of OFF periods in Parkinson's disease. Using this approach, expected probability adjusted future cash flows are calculated over the expected life of the agreement and discounted to estimate the current value of the liability at the period end date. Some of the more significant assumptions made in the valuation include (i) the estimated revenue forecast for Inbrija, (ii) probabilities of success, and (iii) discount periods and rate. The milestone payments ranged from $1.0 million to $22.0 million for Inbrija. The estimated revenue forecast for Inbrija is based on peak annual sales of $300 to $500 million. The discount rate used in the valuation was 21.5% for the three-month period ended March 31, 2021. The valuation is performed quarterly and changes in the fair value of the contingent consideration are included in the statement of operations. For the three-month periods ended March 31, 2021 and 2020, changes in the fair value of the acquired contingent consideration were primarily due to updates to certain revenue and expense forecast assumptions, as well as an increase in the discount rate.

The acquired contingent consideration is classified as a Level 3 liability as its valuation requires substantial judgment and estimation of factors that are not currently observable in the market. If different assumptions were used for the various inputs to the valuation approach, including but not limited to, assumptions involving sales estimates for Inbrija and estimated discount rates, the estimated fair value could be significantly higher or lower than the fair value determined.

Derivative Liability-Conversion Option

The following table represents a reconciliation of the derivative liability recorded in connection with the issuance of the convertible senior secured notes due 2024:

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Derivative Liability-Conversion Option		
Balance, beginning of period	$ 1,193	$ 59,409
Fair value adjustment	225	(26,528)
Balance, end of period	$ 1,418	$ 32,881

During 2019, a derivative liability was initially recorded as a result of the issuance of the 6.00% Convertible Senior Secured Notes due 2024 (see Note 10). The fair value measurement of the derivative liability is classified as Level 3 under the fair value hierarchy as it has been valued using certain unobservable inputs. These inputs include: (1) share price as of the valuation date, (2) assumed timing of conversion of the Notes, (3) historical volatility of the share price, and (4) the risk-adjusted discount rate used to present value the probability-weighted cash flows. Significant increases or decreases in any of those inputs in isolation could result in a significantly lower or higher fair value measurement. The fair value of the derivative liability was determined using a binomial model that calculates the fair value of the Notes with the conversion feature as compared to the fair value of the Notes without the conversion feature, with the difference representing the value of the conversion feature, or the derivative liability. There are several embedded features within the Notes which, upon issuance, did not meet the conditions for equity classification. As a result, these features were aggregated together and recorded as a derivative liability conversion option. The derivative liability conversion feature is measured at fair value on a quarterly basis and changes in the fair value will be recorded in the consolidated statement of operations. The Company received stockholder approval on August 28, 2020 to increase the number of authorized shares of the Company's common stock from 13,333,333 shares to 61,666,666 shares. As a result of the share approval, the Company determined that multiple embedded conversion options met the conditions for equity classification. The Company performed a valuation of these conversion options as of September 17, 2020, which was the date the Company completed certain securities registration obligations. The resulting fair value of these conversion options was calculated to be $18.3 million which was reclassified to equity and presented in the statement of stockholder's equity as of September 30, 2020 net of the $4.4 million tax impact. The equity component is not re-measured as long as it continues to meet the conditions for equity classification. The Company performed a valuation of the derivative liability related to certain embedded conversion features that are precluded from equity classification. The fair value of these conversion features was calculated to be $1.4 million as of March 31, 2021. Key inputs used in the calculation of the fair value include stock price, volatility, risky (bond) rate, and the last observed bond price during the three-month period ended March 31, 2021.

(8) Investments

There were no available-for-sale investments at March 31, 2021 and December 31, 2020, respectively.

Short-term investments with maturities of three months or less from date of purchase have been classified as cash equivalents, and amounted to approximately $33.7 million and $36.7 million as of March 31, 2021 and December 31, 2020, respectively. There were no short-term investments will original maturities of greater than 3 months but less than 1 year as of March 31, 2021 and December 31, 2020, respectively. Additionally, there were no short-term investments in an unrealized loss position as of March 31, 2021 and December 31, 2020, respectively. Long-term investments have original maturities of greater than 1 year. There were no investments classified as long-term at March 31, 2021 or December 31, 2020. The Company has determined that there were no other-than-temporary declines in the fair values of its investments as of March 31, 2021 as the Company does not intend to sell its investments and it is not more likely than not that the Company will be required to sell its investments prior to the recovery of its amortized cost basis.

Unrealized holding gains and losses, which relate to debt instruments, are reported within accumulated other comprehensive income (AOCI) in the statements of comprehensive income. There were no changes in AOCI associated with unrealized holding gains or losses on available-for-sale investments during the three-month period ended March 31, 2021.

(9) Liability Related to Sale of Future Royalties

As of October 1, 2017, the Company completed a royalty purchase agreement with HealthCare Royalty Partners, or HCRP (“Royalty Agreement”). In exchange for the payment of $40 million to the Company, HCRP obtained the right to receive Fampyra royalties payable by Biogen under the License and Collaboration Agreement between the Company and Biogen, up to an agreed upon threshold of royalties. When this threshold is met, if ever, the Fampyra royalty revenue will revert back to the Company and the Company will continue to receive the Fampyra royalty revenue from Biogen until the revenue stream ends. The transaction does not include potential future milestones to be paid.

The Company maintained the rights under the license and collaboration agreement with Biogen, therefore, the Royalty Agreement has been accounted for as a liability that will be amortized using the effective interest method over the life of the arrangement, in accordance with the relevant accounting guidance. The Company recorded the receipt of the $40 million payment from HCRP and established a corresponding liability in the amount of $40 million, net of transaction costs of approximately $2.2 million. The net liability is classified between the current and non-current portion of liability related to the sale of future royalties in the consolidated balance sheets based on the recognition of the interest and principal payments to be received by HCRP in the next 12 months from the financial statement reporting date. The total net royalties to be paid, less the net proceeds received will be recorded to interest expense using the effective interest method over the life of the Royalty Agreement. The Company will estimate the payments to be made to HCRP over the term of the Agreement based on forecasted royalties and will calculate the interest rate required to discount such payments back to the liability balance. Over the course of the Royalty Agreement, the actual interest rate will be affected by the amount and timing of net royalty revenue recognized and changes in forecasted revenue. On a quarterly basis, the Company will reassess the effective interest rate and adjust the rate prospectively as necessary.

The following table shows the activity within the liability account for March 31, 2021 and December 31, 2020, respectively:

(In thousands)	March 31, 2021	December 31, 2020
Liability related to sale of future royalties - beginning balance	$ 15,257	$ 24,401
Deferred transaction costs amortized	70	401
Non-cash royalty revenue payable to HCRP	(3,000)	(11,486)
Non-cash interest expense recognized	330	1,941
Liability related to sale of future royalties - ending balance	$ 12,657	$ 15,257

(10) Debt

Convertible Senior Secured Notes Due 2024

On December 24, 2019, the Company completed the private exchange of $276.0 million aggregate principal amount of its outstanding 1.75% Convertible Senior Notes due 2021 (the "2021 Notes") for a combination of newly-issued 6.00% Convertible Senior Secured Notes due 2024 (the "2024 Notes") and cash. For each $1,000 principal amount of exchanged 2021 Notes, the Company issued $750 principal amount of the 2024 Notes and made a cash payment of $200 (the "Exchange"). In the aggregate, the Company issued approximately $207.0 million aggregate principal amount of the 2024 Notes and paid approximate $55.2 million in cash to participating holders. The Exchange was conducted with a limited number of institutional holders of the 2021 Notes pursuant to Exchange Agreements dated as of December 20, 2019 (each, an "Exchange Agreement").

The 2024 Notes were issued pursuant to an Indenture, dated as of December 23, 2019, among the Company, its wholly owned subsidiary, Civitas Therapeutics, Inc. (along with any domestic subsidiaries acquired or formed after the date of issuance, the "Guarantors"), and Wilmington Trust, National Association, as trustee and collateral agent (the "2024 Indenture"). The 2024 Notes are senior obligations of the Company and the Guarantors, secured by a first priority security interest in substantially all of the assets of the Company and the Guarantors, subject to certain exceptions described in the Security Agreement, dated as of December 23, 2019, between the grantors party thereto and Wilmington Trust, National Association, as collateral agent (the "Security Agreement").

The 2024 Notes will mature on December 1, 2024 unless earlier converted in accordance with their terms prior to such date. Interest on the 2024 Notes is payable semi-annually in arrears at a rate of 6.00% per annum on each June 1 and December 1, beginning on June 1, 2020. The Company may elect to pay interest in cash or shares of the Company's common stock, subject to the satisfaction of certain conditions. If the Company elects to pay interest in shares of common stock, such common stock will have a per share value equal to 95% of the daily volume-weighted average price for the 10 trading days ending on and including the trading day immediately preceding the relevant interest payment date. In December 2020, the Company issued 1,484,871 shares of common stock in satisfaction of the interest payable to holders of the 2024 Notes on December 1, 2020. In connection with this stock-based interest payment approximately $6.2 million of accrued interest was released from restricted case and became available to the Company for other purposes.

The 2024 Notes are convertible at the option of the holder into shares of common stock of the Company at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date. The adjusted conversion rate for the 2024 Notes is 47.6190 shares of the Company's common stock per $1,000 principal amount of 2024 Notes, representing an adjusted conversion price of approximately $21.00 per share of common stock. The conversion rate was adjusted to reflect the 1-for-6 reverse stock split effected on December 31, 2020 and is subject to additional adjustments in certain circumstances as described in the 2024 Indenture.

The Company may elect to settle conversions of the 2024 Notes in cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. Holders who convert their 2024 Notes prior to June 1, 2023 (other than in connection with a make-whole fundamental change) will also be entitled to an interest make-whole payment equal to the sum of all regularly scheduled stated interest payments, if any, due on such 2024 Notes on each interest payment date occurring after the conversion date for such conversion and on or before June 1, 2023. In addition, the Company will have the right to cause all 2024 Notes then outstanding to be converted automatically if the volume-weighted average price per share of the Company's common stock equals or exceeds 130% of the adjusted conversion price for a specified period of time and certain other conditions are satisfied.

Holders of the 2024 Notes will have the right, at their option, to require the Company to purchase their 2024 Notes if a fundamental change (as defined in the 2024 Indenture) occurs, in each case, at a repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date. If a make-whole fundamental change occurs, as described in the 2024 Indenture, and a holder elects to convert its 2024 Notes in connection with such make-whole fundamental change, such holder may be entitled to an increase in the adjusted conversion rate as described in the 2024 Indenture.

Subject to a number of exceptions and qualifications, the 2024 Indenture restricts the ability of the Company and certain of its subsidiaries to, among other things, (i) pay dividends or make other payments or distributions on their capital stock, or purchase, redeem, defease or otherwise acquire or retire for value any capital stock, (ii) make certain investments, (iii) incur indebtedness or issue preferred stock, other than certain forms of permitted debt, which includes, among other

items, indebtedness incurred to refinance the 2021 Notes, (iv) create liens on their assets, (v) sell their assets, (vi) enter into certain transactions with affiliates or (vii) merge, consolidate or sell of all or substantially all of their assets. The 2024 Indenture also requires the Company to make an offer to repurchase the 2024 Notes upon the occurrence of certain asset sales.

The 2024 Indenture provides that a number of events will constitute an event of default, including, among other things, (i) a failure to pay interest for 30 days, (ii) failure to pay the 2024 Notes when due at maturity, upon any required repurchase, upon declaration of acceleration or otherwise, (iii) failure to convert the 2024 Notes in accordance with the 2024 Indenture and the failure continues for five business days, (iv) not issuing certain notices required by the 2024 Indenture within a timely manner, (v) failure to comply with the other covenants or agreements in the 2024 Indenture for 60 days following the receipt of a notice of non-compliance, (vi) a default or other failure by the Company to make required payments under other indebtedness of the Company or certain subsidiaries having an outstanding principal amount of $30.0 million or more, (vii) failure by the Company or certain subsidiaries to pay final judgments aggregating in excess of $30.0 million, (viii) certain events of bankruptcy or insolvency and (ix) the commercial launch in the United States of a product determined by the U.S. FDA to be bioequivalent to Inbrija. In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding 2024 Notes will become due and payable immediately without further action or notice. If any other event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding 2024 Notes may declare all the notes to be due and payable immediately.

The 2021 Notes received by the Company in the Exchange were cancelled in accordance with their terms. Accordingly, upon completion of the Exchange, $69.0 million of the 2021 Notes remained outstanding.

The Company determined that the exchange of the 2021 Notes for 2024 Notes qualified for a debt extinguishment and recognized a gain on extinguishment of $55.1 million for the year ended December 31, 2019, representing the difference between the fair value of the liability component immediately before the exchange and the carrying value of the debt. The Company recorded an adjustment of $38.4 million to additional paid-in capital to adjust the equity component of 2021 Notes in connection with the extinguishment.

The Company assessed all terms and features of the 2024 Notes in order to identify any potential embedded features that would require bifurcation. As part of this analysis, the Company assessed the economic characteristics and risks of the 2024 Notes, including the conversion, put and call features. The Company concluded the conversion features required bifurcation as a derivative. The fair value of the conversion feature derivative was determined based on the difference between the fair value of the 2024 Notes with the conversion options and the fair value of the 2024 Notes without the conversion options using a binomial model. The Company determined that the fair value of the derivative upon issuance of the 2024 Notes was $59.4 million and recorded this amount as a derivative liability with an offsetting amount as a debt discount as a reduction to the carrying value of the 2024 Notes on the closing date, or December 24, 2019. There are several embedded features within the 2024 Notes which, upon issuance, did not meet the conditions for equity classification. As a result, these features were aggregated together and recorded as the derivative liability conversion option. The conversion feature is measured at fair value on a quarterly basis and the changes in the fair value of the conversion feature for the period will be recognized in the consolidated statements of operations.

The Company received stockholder approval on August 28, 2020 to increase the number of authorized shares of the Company's common stock from 13,333,333 shares to 61,666,666 shares. As a result of the share approval, the Company determined that multiple embedded conversion options met the conditions for equity classification. The Company performed a valuation of these conversion options as of September 17, 2020, which was the date the Company completed certain securities registration obligations. The resulting fair value of these conversion options was $18.3 million, which was reclassified to equity and presented in the statement of stockholder's equity as of September 30, 2020, net of the $4.4 million tax impact. The equity component is not re-measured as long as it continues to meet the conditions for equity classification. The Company performed a valuation of the derivative liability related to certain embedded conversion features that are precluded from equity classification. The fair value of these conversion features was calculated to be $1.4 million representing an increase of $0.2 million that is recognized in the consolidated statement of operations for the three-month period ended March 31, 2021.

The outstanding 2024 Note balances as of March 31, 2021 and December 31, 2020 consisted of the following:

(In thousands)	March 31, 2021	December 31, 2020
Liability component:		
Principal	207,000	$ 207,000
Less: debt discount and debt issuance costs, net	(66,249)	(69,381)
Net carrying amount	$ 140,751	$ 137,619
Equity component	$ 18,257	$ 18,257
Derivative liability-conversion option	$ 1,418	$ 1,193

The Company determined that the expected life of the 2024 Notes was equal to the period through December 1, 2024 as this represents the point at which the 2024 Notes will mature unless earlier converted in accordance with their terms prior to such date. Accordingly, the total debt discount of $75.1 million, inclusive of the fair value of the embedded conversion feature derivative at issuance, is being amortized using the effective interest method through December 1, 2024. For the three-month period ended March 31, 2021, the Company recognized $6.2 million of interest expense related to the 2024 Notes at the effective interest rate of 18.1%. The fair value of the Company's 2024 Notes was approximately $153.2 million as of March 31, 2021.

In connection with the issuance of the 2024 Notes, the Company incurred approximately $5.7 million of debt issuance costs, which primarily consisted of underwriting, legal and other professional fees, and allocated these costs to the liability component and recorded as a reduction in the carrying amount of the debt liability on the balance sheet. The portion allocated to the 2024 Notes is amortized to interest expense over the expected life of the 2024 Notes using the effective interest method.

The following table sets forth total interest expense recognized related to the 2024 Notes for the three-month periods ended March 31, 2021 and 2020:

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Contractual interest expense	$ 3,105	$ 3,105
Amortization of debt issuance costs	222	186
Amortization of debt discount	2,910	2,437
Total interest expense	$ 6,237	$ 5,728

Convertible Senior Notes Due 2021

On June 17, 2014, the Company issued $345 million aggregate principal amount of 1.75% Convertible Senior Notes due 2021 (the "2021 Notes") in an underwritten public offering. The net proceeds from the offering were $337.5 million after deducting the Underwriter's discount and offering expenses paid by the Company. On December 24, 2019, the Company completed the private exchange of $276.0 million aggregate principal amount of its outstanding 2021 Notes for a combination of newly-issued 6.00% Convertible Senior Secured Notes due 2024 (the "2024 Notes") and cash. The 2021 Notes received by the Company in the exchange were cancelled in accordance with their terms. Accordingly, upon completion of the exchange, $69.0 million of the 2021 Notes remained outstanding.

The 2021 Notes are governed by the terms of an indenture, dated as of June 23, 2014 (the "Base Indenture") and the first supplemental indenture, dated as of June 23, 2014 (the "Supplemental Indenture", and together with the Base Indenture, the "2021 Indenture"), each between the Company and Wilmington Trust, National Association, as trustee (the "Trustee"). The 2021 Notes are convertible into cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, under certain circumstances as outlined in the 2021 Indenture, based on an adjusted conversion rate of 3.9161 shares per $1,000 principal amount of the 2021 Notes (representing an adjusted conversion price of approximately $255.35 per share). The conversion rate was adjusted to reflect the 1-for-6 reverse stock split effected on December 31, 2020 and is subject to additional adjustments in certain circumstances as described in the 2021 Indenture.

The Company may redeem for cash all or part of the 2021 Notes, at the Company's option, after June 20, 2017, under certain circumstances as outlined in the 2021 Indenture.

The Company pays 1.75% interest per annum on the principal amount of the 2021 Notes, payable semiannually in arrears in cash on June 15 and December 15 of each year. The 2021 Notes will mature on June 15, 2021.

If the Company undergoes a "fundamental change" (as defined in the 2021 Indenture), subject to certain conditions, holders may require the Company to repurchase for cash all or part of their 2021 Notes in principal amounts of $1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the 2021 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. If a make-whole fundamental change occurs, as described in the 2021 Indenture, and a holder elects to convert its 2021 Notes in connection with such make-whole fundamental change, such holder may be entitled to an increase in the adjusted conversion rate as described in the 2021 Indenture.

The 2021 Indenture contains customary terms and covenants and events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding 2021 Notes by notice to the Company and the Trustee, may declare 100% of the principal of and accrued and unpaid interest, if any, on all the 2021 Notes to be due and payable. Upon such a declaration of acceleration, such principal and accrued and unpaid interest, if any, will be due and payable immediately. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving the Company, 100% of the principal and accrued and unpaid interest, if any, on all of the 2021 Notes will become due and payable automatically. Notwithstanding the foregoing, the 2021 Indenture provides that, to the extent the Company elects and for up to 270 days, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the 2021 Indenture consists exclusively of the right to receive additional interest on the 2021 Notes.

The 2021 Notes are senior unsecured obligations and rank equally with all of the Company's existing and future senior debt and senior to any of the Company's subordinated debt. The 2021 Notes are structurally subordinated to all existing or future indebtedness and other liabilities (including trade payables) of the Company's subsidiaries and are effectively subordinated to the Company's existing or future secured indebtedness to the extent of the value of the collateral. The 2021 Indenture does not limit the amount of debt that the Company or its subsidiaries may incur.

In accounting for the issuance of the 2021 Notes, the Company separated the 2021 Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the 2021 Notes as a whole. The equity component is not re-measured as long as it continues to meet the conditions for equity classification.

The outstanding 2021 Note balances as of March 31, 2021 and December 31, 2020 consisted of the following:

(In thousands)	**March 31, 2021**	**December 31, 2020**
Liability component:		
Principal	69,000	$ 69,000
Less: debt discount and debt issuance costs, net	(471)	(1,029)
Net carrying amount	$ 68,529	$ 67,971
Equity component	$ 22,791	$ 22,791

In connection with the issuance of the 2021 Notes, the Company incurred approximately $7.5 million of debt issuance costs, which primarily consisted of underwriting, legal and other professional fees, and allocated these costs to the liability and equity components based on the allocation of the proceeds. Of the total $7.5 million of debt issuance costs, $1.3 million were allocated to the equity component and recorded as a reduction to additional paid-in capital and $6.2 million were allocated to the liability component and recorded as a reduction in the carrying amount of the debt liability on the balance sheet. The portion allocated to the liability component is amortized to interest expense over the expected life of the 2021 Notes using the effective interest method. The Company wrote off $1.2 million of issuance cost associated with the exchange of the 2021 Notes.

The Company determined the expected life of the debt was equal to the seven year term on the 2021 Notes. The fair value of the Company's convertible senior notes was approximately $66.9 million as of March 31, 2021.

As of March 31, 2021, the remaining contractual life of the 2021 Notes is approximately 3 months. The effective interest rate on the liability component was approximately 4.8% for the period from the date of issuance through March 31, 2021.

The following table sets forth total interest expense recognized related to the 2021 Notes for the three-month periods ended March 31, 2021 and 2020:

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Contractual interest expense	$ 302	$ 302
Amortization of debt issuance costs	52	49
Amortization of debt discount	507	483
Total interest expense	$ 861	$ 834

(11) Leases

In February 2016, the FASB issued ASU 2016-02, "Leases" Topic 842, which amends the guidance in former ASC Topic 840, *Leases*.

The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company utilizes its incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred, if any. Our leases have remaining lease terms of 1.25 years to 5.75 years, some of which include options to extend the lease term for up to 15 years, and some of which include options to terminate the lease within 1.25 years.

Operating Leases

We lease certain office and lab space under arrangements classified as leases under ASC 842. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal options ranging from 5 to 15 years. The exercise of lease renewal options is at our sole discretion. One of our leases also includes an option to early terminate the lease within 1.25 years.

Ardsley, New York

In June 2011, the Company entered into a 15-year lease for an aggregate of approximately 138,000 square feet of office and laboratory space in Ardsley, New York. In 2014, the Company exercised its option to expand into an additional 25,405 square feet of office space, which the Company occupied in January 2015. The Company has options to extend the term of the lease for three additional five-year periods, and the Company has an option to terminate the lease after 10 years subject to payment of an early termination fee. The Company's extension and early termination rights are subject to specified terms and conditions, including specified time periods when they must be exercised, and are also subject to limitations including that the Company not be in default under the lease.

The Ardsley lease provides for monthly payments of rent during the lease term. These payments consist of base rent, which takes into account the costs of the facility improvements funded by the facility owner prior to the Company's occupancy, and additional rent covering customary items such as charges for utilities, taxes, operating expenses, and other facility fees and charges. The base rent is currently $5.0 million per year, which reflects an annual 2.5% escalation factor.

Chelsea, Massachusetts

Our Civitas subsidiary leased a manufacturing facility in Chelsea, Massachusetts which we used to manufacture Inbrija through February 10, 2021. Civitas leased this facility from North River Everett Ave, LLC pursuant to a lease with a term that expires on December 31, 2025, and Civitas had two additional extension options of five years each. On February 10, 2021, the Company completed the sale of its Chelsea manufacturing operations to Catalent Pharma Solutions. In connection with the sale, Civitas assigned the lease of the Chelsea facility to a Catalent affiliate (see Note 12).

In 2018, the Company initiated a renovation and expansion of a building within the Chelsea manufacturing facility that increased the size of the facility to approximately 95,000 square feet. The project added a new manufacturing production line for Inbrija and other ARCUS products that has greater capacity than the existing manufacturing line, and created additional warehousing space for manufactured product. All costs to renovate and expand the facility through the date of assignment were borne by the Company. Catalent is now responsible for finalizing the expansion, including obtaining needed regulatory approvals.

Additional Facilities

In October 2016, we entered into a 10-year lease agreement with a term commencing January 1, 2017, for approximately 26,000 square feet of lab and office space in Waltham, MA. The lease provides for monthly rental payments over the lease term. The base rent under the lease is currently $1.1 million per year.

Our leases have remaining lease terms of 1.25 years to 5.75 years, which assumes exercise of the early termination of our Ardsley, NY lease. We do not include any renewal options in our lease terms when calculating our lease liabilities as we are not reasonably certain that we will exercise these options. When calculating the lease liability, we assume exercise of the Ardsley early termination option. The weighted-average remaining lease term for our operating leases was 2.9 years at March 31, 2021. The weighted-average discount rate was 7.13% at March 31, 2021.

ROU assets and lease liabilities related to our operating leases are as follows:

(In thousands)	Balance Sheet Classification	March 31, 2021	December 31, 2020
Right-of-use assets	Right of use assets	$ 10,013	$ 18,481
Current lease liabilities	Current portion of lease liabilities	6,198	7,944
Non-current lease liabilities	Non-current portion of lease liabilities	9,810	17,200

We have lease agreements that contain both lease and non-lease components. We account for lease components together with non-lease components (e.g., common-area maintenance). The components of lease costs were as follows:

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Operating lease cost	$ 1,586	$ 1,901
Variable lease cost	1,356	932
Short-term lease cost	305	353
Total lease cost	$ 3,247	$ 3,186

Future minimum commitments under all non-cancelable operating leases are as follows:

(In thousands)	
2021 (excluding the three months ended March 31, 2021)	$ 4,636
2022	8,191
2023	1,215
2024	1,252
2025	1,290
Later years	1,328
Total lease payments	17,912
Less: Imputed interest	(1,904)
Present value of lease liabilities	$ 16,008

Supplemental cash flow information related to our operating leases are as follows:

(In thousands)	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Operating cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities	$ 1,522	$ 1,918

(12) Disposal of Assets

On January 12, 2021 the Company and Catalent entered into an asset purchase agreement, pursuant to which the Company agreed to sell to Catalent certain assets related to the Company's manufacturing operations located at the facilities situated in Chelsea, Massachusetts (the "Chelsea Facility") and Waltham, Massachusetts (the "Waltham Facility"), for a purchase price of $80 million, plus an additional $2.3 million for raw materials transferred, and the assumption by Catalent of certain liabilities relating to such manufacturing activities. The Company determined that the criterion to classify the property and equipment and prepaid expenses related to the Chelsea manufacturing operations as assets held for sale within the Company's consolidated balance effective December 31, 2020 were met. Accordingly, the assets were classified as current assets held for sale at December 31, 2020 as the Company, at that time, expected to divest the Chelsea manufacturing operations within the next twelve months.

The classification to assets held for sale impacted the net book value of the assets expected to be transferred upon sale. The estimated fair value of the Chelsea manufacturing operations was determined using the purchase price in the purchase agreement along with estimated broker, accounting, legal, and other selling expenses, which resulted in a fair value less costs to sell of approximately $71.8 million. The carrying value of the assets classified as held for sale was approximately $129.7 million, which included property and equipment of $129.6 million and prepaid expenses of $0.1 million. The Company recorded a loss on assets held for sale of $57.9 million against the Chelsea manufacturing operations as of December 31, 2020. Additionally, the expected divestiture of the Chelsea Facility group was not deemed to represent a fundamental strategic shift that would have a major effect on the Company's operations, and accordingly, the operating results of the Chelsea manufacturing operations were not reported as discontinued operations in the Company's consolidated statement of income as of December 31, 2020.

The Company closed the transaction on February 10, 2021. In addition to the property and equipment, prepaid expenses, and raw materials, the Company also assigned the lease of the Chelsea Facility to a Catalent affiliate, which had a net carrying value of $(0.5) million as of the close date. During the three-month period ended March 31, 2021, the Company recorded a gain on disposal of approximately $0.5 million based on the net assets transferred and final net proceeds received at the close.

(13) Corporate Restructuring

In January 2021, we announced a corporate restructuring to reduce costs and focus our resources on Inbrija, which is a key strategic priority for 2021. As part of the restructuring, we reduced headcount by approximately 16% through a reduction in force (excluding the employees that transferred to Catalent at the closing of the sale of our Chelsea manufacturing operations). All of the reduction in personnel took place during the three-month period ended March 31, 2021.

During the three-month period ended March 31, 2021, the Company incurred $2.1 million of restructuring charges, substantially all of which were cash expenditures, for severance and other employee separation-related costs. Of the restructuring charges, $0.4 million were recorded in research and development expenses and $1.7 million were recorded in selling, general and administrative expenses for the three-month period ended March 31, 2021.

A summary of the restructuring charges for the three-month period ended March 31, 2021 is as follows:

(In thousands)	Restructuring Costs
Restructuring Liability as of December 31, 2020	$ —
Q1 Restructuring Costs	2,124
Q1 Restructuring Payments	(1,891)
Restructuring Liability as of March 31, 2021	$ 233

(14) Commitments and Contingencies

On November 9, 2020, Drug Royalty III, L.P., and LSRC III S.ar.l. (collectively, "DRI") filed an arbitration claim against us with the American Arbitration Association under a September 26, 2003 license Agreement that we originally entered into with Rush-Presbyterian St. Luke's Medical Center ("Rush"). DRI previously purchased license royalty rights under the license agreement from rush. DRI alleges a dispute over the last-to-expire patent covering sales of the drug Ampyra under the license agreement, and is claiming damages based on unpaid license royalties of $6 million plus interest. We believe we have valid defenses against this claim and intend to defend ourselves vigorously. While the Company is unable to determine the ultimate outcome of the dispute, and believes it has valid defenses and intends to defend itself vigorously, the Company determined that it is probable that the Company may incur a liability related to the dispute which the Company estimated could be $2 million, inclusive of its legal costs. The Company recorded a liability of $2 million for the year ended December 31, 2020 related to the dispute, however, the Company notes that depending upon the ultimate outcome of the dispute, the potential liability could be more or less than the amount recorded. As of March 31, 2021, the Company continues to believe that the recorded liability established as of December 31, 2020 is appropriate.

In addition to the arbitration described above, from time to time the Company is involved in litigation or other legal proceedings relating to claims arising out operations in the normal course of business. The Company has assessed all litigation and legal proceedings and does not believe that it is probable that a liability has been incurred or that the amount of any potential liability or range of losses can be reasonably estimated. As a result, the Company did not record any loss contingencies for these other matters. litigation expenses are expensed as incurred.

On February 10, 2021, we sold our Chelsea manufacturing operations to Catalent Pharma Solutions. In connection with the sale, we entered into a long-term, global manufacturing services (supply) agreement with a Catalent affiliate pursuant to which they have agreed to manufacture Inbrija for us at the Chelsea facility. The manufacturing services agreement provides that Catalent will manufacture Inbrija (levodopa inhalation powder), to our specifications, and we will purchase Inbrija exclusively from Catalent during the term of the manufacturing services agreement; provided that such exclusivity requirement will not apply to Inbrija intended for sale in China. Under our agreement with Catalent, we are obligated to make minimum purchase commitments for Inbrija through the expiration of the agreement on December 31, 2030. As of March 31, 2021, the minimum remaining purchase commitment to Catalent was $12 million through December 31, 2021, and $18 million annually each year thereafter.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q.

Background

We are a biopharmaceutical company focused on developing therapies that restore function and improve the lives of people with neurological disorders. We market Inbrija (levodopa inhalation powder), which is approved in the U.S. for intermittent treatment of OFF episodes, also known as OFF periods, in people with Parkinson's disease treated with carbidopa/levodopa. Inbrija is for as needed use and utilizes our ARCUS pulmonary delivery system, a technology platform designed to deliver medication through inhalation that we believe has potential to be used in the development of a variety of inhaled medicines. We also market branded Ampyra (dalfampridine) Extended Release Tablets, 10 mg.

Inbrija

Our New Drug Application, or NDA, for Inbrija was approved by the U.S. Food and Drug Administration, or FDA, on December 21, 2018. The approval is for a single dose of 84 mg (administered as two capsules), which may be taken up to five times per day. Inbrija became commercially available in the U.S. on February 28, 2019. Currently, Inbrija is available in the U.S. without the need for a medical exception for approximately 96% of commercial health insurance plan and approximately 25% of Medicare plan lives. Approximately one million people in the U.S. and 1.2 million Europeans are diagnosed with Parkinson's; it is estimated that approximately 40% of people with Parkinson's in the U.S. experience OFF periods. Net revenue for Inbrija was $5.0 million for the quarter ended March 31, 2021 and $4.4 million for the quarter ended March 31, 2020. We project peak U.S. annual net revenue of Inbrija to be in the range of $300 to $500 million.

In September 2019, we announced that the European Commission, or EC, approved our Marketing Authorization Application, or MAA, for Inbrija. The approved dose is 66 mg (administered as two capsules) up to five times per day (per European Union, or EU, convention, this reflects emitted dose and is equivalent to the 84 mg labelled dose in the U.S.). Under the MAA, Inbrija is indicated in the EU for the intermittent treatment of episodic motor fluctuations (OFF episodes) in adult patients with Parkinson's disease treated with a levodopa/dopa-decarboxylase inhibitor. Following the ratification of the Withdrawal Agreement between the United Kingdom and the EU, the UK left the EU on January 31, 2020. Effective January 1, 2021, Acorda was granted a grandfathered Marketing Authorization (MA) by the Medicines and Healthcare products Regulatory Agency (MHRA) in the UK which is subject to certain administrative filings that are due by December 31, 2021. We are in discussions with potential partners for commercialization of Inbrija outside of the U.S., including in Europe, Japan and other countries.

Ampyra

Ampyra became subject to competition from generic versions of Ampyra starting in late 2018 as a result of an adverse U.S. federal district court ruling that invalidated certain Ampyra Orange Book-listed patents. We have experienced a significant decline in Ampyra sales due to competition from several generic versions of Ampyra. Additional manufacturers may market generic versions of Ampyra, and we expect our Ampyra sales will continue to decline over time. Net revenue for Ampyra was $20.3 million for the quarter ended March 31, 2021 and $20.1 million for the quarter ended March 31, 2020.

Convertible Notes

In December 2019, we announced the successful completion of a private exchange of $276 million of our convertible senior notes due in 2021 in exchange for a combination of approximately $207 million aggregate principal amount of newly-issued convertible senior secured notes due 2024 and $55.2 million in cash. The convertible senior secured notes due 2021 have an adjusted conversion price of approximately $21.00 per share. As a result of the exchange, approximately $69 million of convertible senior notes due in 2021, with an adjusted conversion price of approximately $255.35, remain outstanding. Addressing the remaining portion of the convertible notes due 2021 is a top priority in addition to our focus on the Inbrija launch. More information about the terms and conditions of the 2021 and 2024 convertible notes is set forth in Note 10 to our Consolidated Financial Statements included in this report as well as in *Financing Arrangements* in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report.

Sale of Chelsea, Massachusetts Manufacturing Operations

In February 2021, we completed the sale of our Chelsea, Massachusetts manufacturing operations to Catalent Pharma Solutions. Pursuant to the transaction, Catalent paid us $80 million in cash, resulting in net proceeds to us of approximately $74 million after transaction fees and expenses and settlement of customary post-closing adjustments. In connection with the sale of the manufacturing operations, we entered into a long-term, global manufacturing services agreement with a Catalent affiliate for the supply of Inbrija. As part of the transaction, Catalent hired substantially all of our prior employees at the Chelsea facility as well as certain of our other employees at our Waltham, Massachusetts facility. We intend to use the net proceeds received from the transaction for general corporate purposes, subject to compliance with the terms of the 2024 notes, which may include funding capital expenditures and the repayment of indebtedness. Also, we expect to save approximately $10 million in annual operating expenses related to the operation of the manufacturing facility.

Financial Management

In January 2021, we announced a corporate restructuring to reduce costs and focus our resources on Inbrija, which is a key strategic priority for 2021. As part of the restructuring, we reduced headcount by approximately 16% through a reduction in force (excluding the employees that transferred to Catalent at the closing of the sale of our Chelsea manufacturing operations). All of the reduction in personnel took place in the first quarter of 2021. As a result, we expect to realize estimated annualized cost savings related to headcount reduction of approximately $6 million beginning in the second quarter of 2021. We incurred approximately $2.6 million of pre-tax charges, substantially all of which were cash expenditures, for severance and other employee separation-related costs in connection with the restructuring, approximately $2.1 million of which were incurred in the first quarter of 2021.

In January 2021, we entered into an At The Market (ATM) Offering Agreement with H.C. Wainwright & Co., LLC as sales agent. Pursuant to the ATM agreement, we may offer and sell shares of our common stock having an aggregate value of up to $15.25 million in an at-the-market offering, subject to a 3% sales commission payable to H.C. Wainwright. If we elect to use the ATM agreement, H.C. Wainwright would be obligated to use commercially reasonable efforts consistent with its normal trading and sales practices and applicable law and regulations to sell shares in accordance with our instructions (including as to price, time or size limit or other parameters or conditions that we may impose).

As of March 31, 2021, we had cash, cash equivalents and restricted cash of approximately $148.4 million. Restricted cash includes $31.1 million in escrow related to the 6% semi-annual interest portion of the convertible senior secured notes due 2024, payable in cash or stock. As further described in Note 10 to our Consolidated Financial Statements included in this report as well as in *Financing Arrangements* in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report, if we are permitted under the notes indenture and we elect to pay interest due in stock, the cash equivalent will be released from escrow.

Nasdaq Listing Rules and Reverse Stock Split

On January 19, 2021, we received a letter from The Nasdaq Stock Market, LLC notifying us that we had regained compliance with Listing Rule 5450(a)(1), which requires that listed securities maintain a minimum closing bid price of at least $1.00 per share (the "Minimum Bid Requirement"). We regained compliance with the Minimum Bid Requirement based on the closing bid price of our common stock on the Nasdaq Global Select Market between January 4, 2021 and January 15, 2021. We had previously been notified, on July 23, 2020, of our non-compliance with the Minimum Bid Requirement.

On December 31, 2020, we filed an amendment to our Certificate of Incorporation which effected, as of 4:01 p.m. Eastern Time on December 31, 2020, a 1-for-6 reverse stock split of the shares of our outstanding common stock and proportionate reduction in the number of authorized shares of our common stock from 370,000,000 to 61,666,666. Our Board of Directors approved the reverse stock split as part of plan to regain compliance with the Minimum Bid Requirement. The reverse stock split had previously been authorized by our stockholders at a special meeting convened on July 31, 2020.

Our common stock began trading on a split-adjusted basis on The Nasdaq Global Select Market commencing upon market open on January 4, 2021. The common stock continued to trade under the symbol "ACOR" after the reverse stock split became effective. The reverse stock split applied equally to all outstanding shares of the common stock and did not modify the rights or preferences of the common stock. The reverse stock split also resulted in a corresponding adjustment to outstanding equity awards as well as shares reserved for future issuance under our incentive compensation plans.

All figures in this report relating to shares of our common stock (such as share amounts, per share amounts, and conversion rates and prices), including in the financial statements and accompanying notes to the financial statements, have been retroactively restated to reflect the 1-for-6 reverse stock split of our common stock.

COVID-19 Pandemic

Our business and financial condition have been impacted by, and are subject to risks resulting from, the COVID-19 (novel coronavirus) pandemic. The COVID-19 pandemic has caused significant disruptions in the healthcare industry. The duration of the pandemic is difficult to predict, and it is likely to have ongoing impacts as it continues. The travel restrictions, "shelter in place" orders, quarantine policies, and general concerns about the spread of COVID-19 have disrupted the delivery of healthcare to patients, for example making it more difficult for some patients to visit with their physician and obtain pharmaceutical prescriptions. Also, healthcare office staffing shortages may delay the administrative work, and particularly insurance-related documentation, needed to obtain reimbursement for prescriptions. We believe these factors contributed to volatility in new Inbrija prescriptions during 2020 and are continuing to impact prescriptions in 2021.

The COVID-related policies, restrictions and concerns may disrupt our operations and those of our customers and suppliers. Also, our operations could be interrupted if we or our customers or suppliers lose the services of key employees or consultants who become ill from COVID-19. These types of disruptions could potentially affect any of our critical business functions, and thus harm our business, including for example our manufacturing, sales and marketing operations as well compliance and certain general and administrative functions. The ultimate impact of the COVID-19 pandemic, or any other health epidemic, is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, healthcare systems or the global economy as a whole. As the pandemic continues, it may result in a sustained economic downturn that could affect demand for our products and our ability to access capital on reasonable terms, or at all.

Inbrija (levodopa inhalation powder)/Parkinson's Disease

Inbrija (levodopa inhalation powder) is the first and only inhaled levodopa, or L-dopa, for intermittent treatment of OFF episodes, also known as OFF periods, in people with Parkinson's disease treated with carbidopa/levodopa regimen. Our New Drug Application, or NDA, for Inbrija was approved by the U.S. Food and Drug Administration, or FDA, on December 21, 2018. The approval is for a single dose of 84 mg (administered as two capsules), which may be taken up to five times per day. Inbrija became commercially available in the U.S. on February 28, 2019. Currently, Inbrija is available in the U.S. without the need for a medical exception for approximately 96% of commercial health insurance plan and approximately 25% of Medicare plan lives. Net revenue for Inbrija was $5.0 million for the quarter ended March 31, 2021 and $4.4 million for the quarter ended March 31, 2020. We project peak U.S. annual net revenue of Inbrija to be in the range of $300 to $500 million.

In September 2019, we announced that the European Commission, or EC, approved our Marketing Authorization Application, or MAA, for Inbrija. The approved dose is 66 mg (administered as two capsules) up to five times per day (per European Union, or EU, convention, this reflects emitted dose and is equivalent to the 84 mg labelled dose in the U.S.). Under the MAA, Inbrija is indicated in the EU for the intermittent treatment of episodic motor fluctuations (OFF episodes) in adult patients with Parkinson's disease treated with a levodopa/dopa-decarboxylase inhibitor. The MAA approved Inbrija for use in what were then the 27 countries of the EU, as well as Iceland, Norway and Liechtenstein. Following the ratification of the Withdrawal Agreement between the United Kingdom and the EU, the UK left the EU on January 31, 2020. Effective January 1, 2021, Acorda was granted a grandfathered Marketing Authorization (MA) by the Medicines and Healthcare products Regulatory Agency (MHRA) in the UK which is subject to certain administrative filings that are due by December 31, 2021. We are in discussions with potential partners for commercialization of Inbrija outside of the U.S., including in Europe, Japan and other countries.

Inbrija is marketed in the U.S. through our own specialty sales force and commercial infrastructure, which we are supplementing with sales representatives provided by a contract commercial organization. Inbrija is distributed in the U.S. primarily through: AllianceRx Walgreens Prime, or Walgreens, a specialty pharmacy that delivers the medication to patients by mail; and ASD Specialty Healthcare, Inc. (an AmeriSource Bergen affiliate). Our neuro-specialty sales and marketing team includes our own sales representatives as well as established teams of Medical Science Liaisons, Regional Reimbursement Directors, and Market Access Account Directors who provide information to payers and physicians on our marketed products; and Market Development Managers who work collaboratively with field teams and corporate personnel to assist in the execution of the Company's strategic initiatives. Our sales representatives (with the contracted

representatives) are targeting approximately 5,000 healthcare providers, currently focusing on a priority list of approximately 2,000 physicians who are high volume prescribers of levodopa/carbidopa. Our Inbrija launch activities are focused on physician awareness and market access as well as patient awareness, education and training.

We have established Prescription Support Services for Inbrija, which we sometimes refer to as the Inbrija hub. Prescription Support Services is designed to help patients navigate their insurance coverage and offer reimbursement support services, when appropriate. Services fall into one of these categories: insurance verification, to research patient insurance benefits and confirm insurance coverage; prior authorization support, to identify prior authorization requirements; and appeals support. For patients that may need assistance paying for their medication, Prescription Support Services offers several support options, including: a program that provides no cost medication to patients who meet specific program eligibility requirements; co-pay support, which may help commercially insured (non-government funded) patients lower their out-of-pocket costs; and a bridge program, for federally-insured patients who experience a delay in coverage determination. We have a no-cost sample program, available at physician offices, to enable patients and their physicians to assess the value of Inbrija before the patient incurs out-of-pocket co-pay or co-insurance costs. In addition, we have a first dispense zero-dollar copay program for commercially-insured patients (which has replaced our previous free trial program) to enable those patients to assess the value of Inbrija before incurring out-of-pocket co-pay or co-insurance costs.

Parkinson's disease is a progressive neurodegenerative disorder resulting from the gradual loss of certain neurons in the brain. These neurons are responsible for producing dopamine and that loss causes a range of symptoms including impaired movement, muscle stiffness and tremors. The standard baseline treatment of Parkinson's disease is oral carbidopa/levodopa, but oral medication can be associated with wide variability in the timing and amount of absorption and there are significant challenges in creating a regimen that consistently maintains therapeutic effects. As Parkinson's progresses, people are likely to experience OFF periods, which are characterized by the return of Parkinson's symptoms that result from low levels of dopamine between doses of oral carbidopa/levodopa. OFF periods are often highly disruptive to people with Parkinson's. Approximately one million people in the U.S. and 1.2 million Europeans are diagnosed with Parkinson's; it is estimated that approximately 40% of people with Parkinson's in the U.S. experience OFF periods.

Inbrija is for as needed use and utilizes our ARCUS platform for inhaled therapeutics. ARCUS is a dry-powder pulmonary drug delivery technology that we believe has potential to be used in the development of a variety of inhaled medicines. The ARCUS platform allows systemic delivery of medication through inhalation, by transforming molecules into a light, porous dry powder. This allows delivery of substantially higher doses of medication than can be delivered via conventional dry powder technologies. We acquired the ARCUS technology platform as part of our 2014 acquisition of Civitas Therapeutics. We have worldwide rights to our ARCUS drug delivery technology, which is protected by extensive know-how and trade secrets and various U.S. and foreign patents, including patents that protect the Inbrija dry powder capsules beyond 2030. We have several patents listed in the Orange Book for Inbrija, including patents expiring between 2022 and 2032, and Inbrija is entitled to three years of new product exclusivity, through December 2021, as posted in the Orange book. We have patents in Europe for Inbrija expiring between 2022 and 2033. One of our European patents, EP 3090773B, has been opposed by an unnamed party. Inbrija also has 10 years of market exclusivity in Europe that is set to expire in 2029.

FDA and European Commission approvals of Inbrija were based on a clinical program that included approximately 900 people with Parkinson's on a carbidopa/levodopa regimen experiencing OFF periods. The Phase 3 pivotal trial for Inbrija – SPAN-PD – was a 12-week, randomized, placebo controlled, double blind study evaluating the effectiveness of Inbrija in patients with mild to moderate Parkinson's experiencing OFF periods. In January 2019, we announced that The Lancet Neurology published results from the SPAN-PD clinical trial.

The SPAN-PD trial met its primary endpoint, with patients showing a statistically significant improvement in motor function at the week 12 visit, as measured by a reduction in Unified Parkinson's Disease Rating Scale (UPDRS) Part III score for Inbrija 84 mg (n=114) compared to placebo (n=112) at 30 minutes post-dose (-9.83 points and -5.91 points respectively; p=0.009). Onset of action was seen as early as 10 minutes. Maintenance of effect continued to 60 minutes post-dose, which is the longest time point assessed in the trial. UPDRS III is a validated scale, which measures Parkinson's disease motor impairment.

The most common adverse reactions with Inbrija (at least 5% and greater than placebo) in the pivotal trial were cough (15% vs. 2%), upper respiratory tract infection (6% vs. 3%), nausea (5% vs. 3%) and discolored sputum (5% vs. 0%).

Inbrija was also studied in a Phase 3 long-term, active-controlled, randomized, open-label study (N=398) assessing safety and tolerability over one year. This study showed the average reduction in FEV1 (forced expiratory volume in 1

second) from baseline was the same (-0.1 L) for the Inbrija and observational cohorts. Patients with chronic obstructive pulmonary disease (COPD), asthma, or other chronic respiratory disease within the last five years were excluded from this study.

Inbrija is not to be used by patients who take or have taken a nonselective monoamine oxidase inhibitor such as phenelzine or tranylcypromine within the last two weeks.

It is not known if Inbrija is safe or effective in children.

Ampyra

Ampyra was approved by the FDA in January 2010 to improve walking in adults with multiple sclerosis. To our knowledge, Ampyra is the first drug approved for this indication. Efficacy was shown in people with all four major types of MS (relapsing remitting, secondary progressive, progressive relapsing and primary progressive). Ampyra became subject to competition from generic versions of Ampyra starting in late 2018 as a result of an adverse U.S. federal district court ruling that invalidated certain Ampyra Orange Book-listed patents. We have experienced a significant decline in Ampyra sales due to competition from several generic versions of Ampyra. Additional manufacturers may market generic versions of Ampyra, and we expect our Ampyra sales will continue to decline over time. Net revenue for Ampyra was $20.3 million for the quarter ended March 31, 2021 and $20.1 million for the quarter ended March 31, 2020.

License and Collaboration Agreement with Biogen

Ampyra is marketed as Fampyra outside the U.S. by Biogen International GmbH, or Biogen, under a license and collaboration agreement that we entered into in June 2009. Fampyra has been approved in a number of countries across Europe, Asia and the Americas. Under our agreement with Biogen, we are entitled to receive double-digit tiered royalties on net sales of Fampyra and we are also entitled to receive additional payments based on achievement of certain regulatory and sales milestones. In November 2017, we announced a $40 million Fampyra royalty monetization transaction with HealthCare Royalty Partners, or HCRP. In return for the payment to us, HCRP obtained the right to receive these Fampyra royalties up to an agreed-upon threshold. Until this threshold is met, we will not receive Fampyra royalties although we retained the right to receive any potential future milestone payments. The HCRP transaction is accounted for as a liability, as described in Note 9 to our Consolidated Financial Statements included in this report.

Ampyra Patent Update

There are no patents listed in the Orange Book for Ampyra. Ampyra became subject to competition from generic versions of Ampyra starting in late 2018 as a result of an adverse U.S. federal district court ruling that invalidated certain Ampyra Orange Book-listed patents.

There are two European patents, EP 1732548 and EP 2377536, with claims directed to use of a sustained release dalfampridine composition (known under the trade name Fampyra in the European Union) to increase walking speed in a patient with multiple sclerosis. Both European patents are set to expire in 2025, absent any additional exclusivity granted based on regulatory review timelines. Nullity actions have been filed in Germany against both of the German national patents derived from EP 1732548 and EP 2377536 by ratiopharm GmbH, a generic manufacturer affiliated with Teva. Fampyra also has 10 years of market exclusivity in the European Union that is set to expire in July 2021.

We will vigorously defend our intellectual property rights.

ARCUS Product Development

We have been exploring opportunities for other proprietary products in which inhaled delivery of medicine using our ARCUS drug delivery technology can provide a significant therapeutic benefit to patients. We believe there are potential opportunities with central nervous system, or CNS, as well as non-CNS, disorders.

Our ARCUS development has been focused on a program for acute treatment of migraine. Existing oral therapies for migraine can be associated with slow onset of action and gastrointestinal challenges. Patients cite the need for rapid relief from migraine symptoms as their most desired medication attribute. Additionally, individuals with migraine may suffer from

nausea and delayed gastric emptying which further impact the consistency and efficacy of the oral route of administration. We have been evaluating therapeutic candidates for their suitability to move forward with this program. Due to our three restructurings since 2017 and associated cost-cutting measures, we have deferred consideration of further investment into potential new ARCUS applications in migraine pending additional progress with the Inbrija commercial launch in the U.S.

Should we decide in the future to make investments in any ARCUS development program, we would be reliant on Catalent or another third party supplier for the manufacture of product for that program. Our global supply agreement with Catalent does not provide for the terms and conditions under which Catalent would supply any product or product candidate other than Inbrija. We would be unable to advance the development of any ARCUS inhaled therapeutic candidate unless Catalent is willing to manufacture the candidate for us on commercially reasonable terms, or we could identify another third party manufacturer that would be capable and willing to manufacture the candidate for us on commercially reasonable terms. Also, due to reductions in force, employee attrition and the 2021 sale of our Chelsea manufacturing operations, we believe we lack certain personnel needed for, and would need to hire replacements before continuing with, this research and development work.

In July 2015, the Bill & Melinda Gates Foundation awarded us a grant to support the development of a formulation and delivery system for a dry powder version of lung surfactant, a treatment for neonatal respiratory distress syndrome, or nRDS. In collaboration with the Massachusetts Institute of Technology, we developed a formulation and delivery device based on our proprietary ARCUS drug delivery technology. nRDS is a condition affecting prematurely born infants in which their lungs are underdeveloped and thus lack a sufficient amount of lung surfactant. It can be fatal, or lead to severe, chronic health issues caused by a lack of oxygen getting to the baby's brain and other organs. Delivering liquid surfactant to the lungs via intubation is the standard of care. We believe that our formulation and delivery system may present a more practical alternative for use in developing areas of the world, where intubation poses numerous problems. Based on achievement of pre-clinical proof of concept, the foundation expanded the funding to include pre-IND development, including an additional grant of approximately $2.08 million in 2020 to continue this work. This program is not aimed at developing a commercial product, but our work on this program could potentially generate information that is useful for adapting the ARCUS drug delivery technology to commercial pediatric uses. We expect all current grant-funded work to be completed in the first half of 2021. We are evaluating next steps for our continuing involvement in this program as it transitions past the grant-funding stage and in light of the sale of our Chelsea manufacturing operations and other factors.

Other Research and Development Programs

Our other research and development programs include rHIgM22 and cimaglermin alfa. rHIgM22 is a remyelinating antibody that is a potential therapeutic for multiple sclerosis. Data from a Phase 1 safety and tolerability trial showed that a single dose of rHIgM22 was not associated with any safety signals. The study was not powered to show efficacy and exploratory measures showed no difference between the treatment groups. Cimaglermin alfa is a member of the neuregulin growth factor family, and has been shown to promote recovery after neurological injury, as well as enhance heart function in animal models of heart failure. We initiated a Phase 1b clinical trial assessing three doses of cimaglermin alfa in people with heart failure, but discontinued enrollment and then received an FDA clinical hold based on the occurrence of a case of hepatotoxicity (liver injury). The FDA clinical hold was lifted after we presented additional data on the hepatotoxicity, but we have not since restarted any clinical study of cimaglermin alfa. We are considering next steps for these programs, which could include potential partnering or out-licensing, but due to our three restructurings since 2017 and associated cost-cutting measures, we have deferred consideration of any further investment pending additional progress with the Inbrija commercial launch in the U.S.

Financial Guidance for 2021

We are providing the following guidance with respect to our 2021 financial performance:

- Net revenue from the sale of Ampyra in 2021 is expected to range from $75 million to $85 million.
- Operating expenses in 2021 are expected to range from $130 million to $140 million. This is a non-GAAP projection that excludes restructuring costs and share-based compensation charges, as more fully described below.

The projected range of operating expenses in 2021 specified above was not prepared in accordance with accounting principles generally accepted in the United States (GAAP) because this guidance excludes restructuring costs and share-based compensation charges. Due to the forward looking nature of this information, the amount of compensation charges needed to

reconcile this measure to the most directly comparable GAAP financial measure is dependent on future changes in the market price of our common stock and is not available at this time. Non-GAAP financial measures are not an alternative for financial measures prepared in accordance with GAAP. However, we believe that the presentation of this non-GAAP financial measure, when viewed in conjunction with actual GAAP results, provides investors with a more meaningful understanding of our ongoing and projected operating performance because it excludes (i) expenses that pertain to a non-routine corporate restructuring, and (ii) non-cash charges that are substantially dependent on changes in the market price of our common stock. We believe this non-GAAP financial measure helps indicate underlying trends in our business and is important in comparing current results with prior period results and understanding expected operating performance. Also, our management uses this non-GAAP financial measure to establish budgets and operational goals, and to manage our business and to evaluate its performance.

Results of Operations

Three-Month Period Ended March 31, 2021 Compared to March 31, 2020

Net Product Revenues

Inbrija

For the three-month period ended March 31, 2020 we recognized product sales of Inbrija following receipt of product by companies in our distribution network, which primarily includes specialty pharmacy providers and ASD Specialty Healthcare, Inc. During the three-month period ended December 31, 2020, we completed the transition from a network of several specialty pharmacies to AllianceRx Walgreens Prime, or Walgreens, as the sole specialty pharmacy for U.S. sales of Inbrija, which we believe has potential benefits to patients and our business. We recognized net revenue from the sale of Inbrija of $5.0 million and $4.4 million for the three-month periods ended March 31, 2021 and 2020, respectively, an increase of $0.6 million or 13.6%. The increase in Inbrija net revenue was due to an increase in net volume of $0.1 million and a net increase in price and discount and allowance adjustments of $0.5 million for the three-month period ended March 31, 2021.

Discounts and allowances which are included as an offset in net revenue consist of allowances for customer credits, including estimated chargebacks, rebates, returns and discounts. Discounts and allowances are recorded following shipment of our products to our customers. Adjustments are recorded for estimated chargebacks, rebates, and discounts. Discounts and allowances also consist of discounts provided to Medicare beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (*i.e*., the "donut hole"). Payment of coverage gap discounts is required under the Affordable Care Act, the health care reform legislation enacted in 2010. Discounts and allowances may increase as a percentage of sales as we enter into new managed care contracts in the future.

We believe that first and fourth quarter revenue for our products is subject to certain recurring seasonal factors relating to the commencement of a new calendar year. For example, some patients refill their prescriptions earlier ahead of the new year, in the fourth quarter, in anticipation of the year-end reset of health plan deductibles and the Medicare donut hole, or a year-end switch of their insurance plans or pharmacy benefit providers. Also, we believe that AllianceRx Walgreens Prime, the specialty pharmacy that we use for Inbrija distribution, may increase their stock, within contractual limits, in anticipation of the holidays and new year. These factors may seasonally have a positive impact on fourth quarter revenues and a negative impact on first quarter revenues. Also, discounts and allowances typically are highest in the first quarter, and lowest in the fourth quarter, and when this occurs this increases fourth quarter revenues, and decreases first quarter revenues, on a relative basis.

Ampyra

We recognize product sales of Ampyra following receipt of product by companies in our distribution network, which primarily includes specialty pharmacy providers. We recognized net revenue from the sale of Ampyra of $20.3 million and $20.1 million for the three-month periods ended March 31, 2021 and 2020, respectively, an increase of $0.2 million, or 1.0%. The increase in Ampyra net revenue was due to an increase in price of $0.4 million and a decrease in other gross to net changes of $1.3 million, partially offset by a decrease in net volume of $1.3 million and a decrease in authorized generic sales of $0.2 million for the three-month period ended March 31, 2021.

Discounts and allowances which are included as an offset in net revenue consist of allowances for customer credits, including estimated chargebacks, rebates, returns and discounts. Discounts and allowances are recorded following shipment of our products to our customers. Adjustments are recorded for estimated chargebacks, rebates, and discounts. Discounts and allowances also consist of discounts provided to Medicare beneficiaries whose prescription drug costs cause them to be subject to the Medicare Part D coverage gap (i.e., the "donut hole"). Payment of coverage gap discounts is required under the Affordable Care Act, the health care reform legislation enacted in 2010. Discounts and allowances may increase as a percentage of sales as we enter into managed care contracts in the future.

We believe that first and fourth quarter revenue for our products is subject to certain recurring seasonal factors relating to the commencement of a new calendar year. For example, some patients refill their prescriptions earlier ahead of the new year, in the fourth quarter, in anticipation of the year-end reset of health plan deductibles and the Medicare donut hole, or a year-end switch of their insurance plans or pharmacy benefit providers. Also, we believe specialty pharmacies may increase their stock, within contractual limits where applicable, in anticipation of the holidays and new year. These factors may seasonally have a positive impact on fourth quarter revenues and a negative impact on first quarter revenues. Also, discounts and allowances typically are highest in the first quarter, and lowest in the fourth quarter, and when this occurs this increases fourth quarter revenues, and decreases first quarter revenues, on a relative basis.

Other Product Revenues

We recognized negligible revenue from the sale of other products for the three-month period ended March 31, 2021 as compared to $0.2 million for the three-month period ended March 31, 2020.

Royalty Revenue

We recognized $3.6 million and $3.4 million in royalty revenue for the three-month periods ended March 31, 2021 and 2020, respectively, an increase of $0.2 million, or 5.9%.

Cost of Sales

We recorded cost of sales of $12.0 million for the three-month period ended March 31, 2021 as compared to $3.8 million for the three-month period ended March 31, 2020. Cost of sales for the three-month period ended March 31, 2021 consisted primarily of $10.3 million in inventory costs related to recognized revenues, $0.3 million in royalty fees based on net product shipments, idle capacity costs of $0.1 million and $1.3 million in period costs related to expired inventory, freight, stability testing, and packaging. Production costs related to idle capacity are not included in the cost of inventory but are charged directly to cost of sales in the period incurred. Cost of sales for the three-month period ended March 31, 2020 consisted primarily of $2.9 million in inventory costs related to recognized revenues, idle capacity costs of $0.4 million, $0.3 million in royalty fees based on net product shipments and $0.2 million for costs related to sales of the authorized generic version of Ampyra.

Amortization of intangibles

We recorded amortization of intangible asset related to Inbrija of $7.7 million for the three-month periods ended March 31, 2021 and 2020.

Research and Development

Research and development expenses for the three-month period ended March 31, 2021 were $4.7 million as compared to $7.7 million for the three-month period ended March 31, 2020, a decrease of approximately $3.0 million, or 39%. The decrease was primarily due to reductions in Civitas spending of $1.7 million due to the commercialization of Inbrija, reductions of $1.2 million due to restructuring and decrease in several programs to shift focus on Inbrija launch, and reductions of $0.1 million in research and development expenses related to Biotie.

Selling, General and Administrative

Sales and marketing expenses for the three-month period ended March 31, 2021 were $15.2 million compared to $23.2 million for the three-month period ended March 31, 2020, a decrease of approximately $8.0 million, or 34.5%. The decrease was primarily due to a decrease in marketing related spending of $5.2 million due to launch activities for Inbrija, a decrease in overall salaries and benefits of $1.8 million and a decrease in spending related to marketing for Ampyra of $0.9 million.

General and administrative expenses for the three-month period ended March 31, 2021 were $18.8 million compared to $17.9 million for the three-month period ended March 31, 2020, an increase of approximately $0.9 million, or 5.0%. The increase was primarily due to an increase in restructuring expenses of $1.8 million and an increase of $1.9 million in business development costs and human resources costs, partially offset by a decrease in overall salaries and benefit costs of $1.3 million and a decrease in Civitas spending of $1.6 million due to the sale of the Chelsea facility manufacturing operations.

Intangible Asset Impairment

We recognized an intangible asset impairment charge of $4.1 million in the three-month period ended March 31, 2020. During the first quarter of 2020, the Company determined that there were relevant changes to the key assumptions that would negatively affect the value of the IPR&D asset for BTT-1023. Management determined that the results of the clinical trial did not meet the primary or secondary end-points, and the clinical trial was not large enough or expansive enough to be persuasive to generate interest by third-parties for a possible licensing arrangement. Management determined that this assessment was the triggering event that indicated that the asset was fully impaired as there was no potential value with an out-licensing arrangement. Based on the qualitative assessment, management determined that the carrying value of the asset exceeded its estimated fair value and therefore, the asset was fully impaired. Management determined that additional qualitative procedures were not relevant in this circumstance given the overwhelming qualitative evidence that indicated the asset was fully impaired.

Change in Fair Value of Derivative Liability

A derivative liability was recorded in December 2019 as a result of the issuance of the 6.00% Convertible Senior Secured Notes due 2024. The derivative liability is measured at fair value on a quarterly basis and changes in the fair value are recorded in the consolidated statement of operations. We recorded a loss of $0.2 million due to the change in the fair value of the derivative liability for the three-month period ended March 31, 2021.

Changes in Fair Value of Acquired Contingent Consideration

As a result of the original spin out of Civitas from Alkermes, part of the consideration to Alkermes was a future royalty to be paid to Alkermes on Inbrija. Acorda acquired this contingent consideration as part of the Civitas acquisition. The fair value of that future royalty is assessed quarterly. We recorded income pertaining to changes in the fair value of our acquired contingent consideration of $1.0 million for the three-month period ended March 31, 2021 as compared to $3.7 million for the three-month period ended March 31, 2020. The changes in the fair-value of the acquired contingent consideration were primarily due to updates to certain revenue and expense forecast assumptions, as well as an increase in the discount rate.

Other Expense, Net

Other expense, net was $7.8 million and $7.3 million for the three-month periods ended March, 2021 and 2020, respectively.

Benefit from Income Taxes

For the three-month periods ended March 31, 2021 and 2020, the Company recorded a benefit from income taxes of $3.2 million and a benefit of $7.0 million, respectively. The effective income tax rates for the Company for the three-month periods ended March 31, 2021 and 2020 were 8.6% and 52.0%, respectively.

The variance in the effective tax rates for the three-month period ended March 31, 2021 as compared to the three-month period ended March 31, 2020 was due primarily to an increase in the valuation allowance offset by the benefit of net operating loss carryback under the CARES act recorded at 21% to recover taxes paid at the previous statutory rate of 35%.

The Company continues to evaluate the realizability of its deferred tax assets on a quarterly basis and will adjust such amounts in light of changing facts and circumstances including, but not limited to, future projections of taxable income, tax legislation, rulings by relevant tax authorities, the progress of ongoing tax audits and the regulatory approval of products currently under development. Any changes to the valuation allowance or deferred tax assets and liabilities in the future would impact the Company's income taxes.

The Company was notified during the three-month period ended March 31, 2021, they are being audited by the state of Massachusetts for tax years 2018 and 2019. There have been no proposed adjustments at this stage of the examination.

The Company has ongoing state examinations in New Jersey and Minnesota which cover multiple years. There have been no proposed adjustments at this stage of the examination.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily from: private placements and public offerings of our capital stock; borrowing money through loans and the issuance of debt instruments; payments received under our collaboration and licensing agreements; revenue from sales of Ampyra, Fampyra, and Inbrija, as well as our former products, Zanaflex and Qutenza; royalty monetizations and our revenue interest financing arrangement; and, to a lesser extent, funding from government grants. Also, in February 2021, we obtained additional capital from the sale of our Chelsea manufacturing operations.

At March 31, 2021, we had $116.8 million of cash and cash equivalents, compared to $71.4 million at December 31, 2020. Our March 31, 2021 cash and cash equivalents balance does not include restricted cash, currently held in escrow under the terms of our convertible senior secured notes due 2024, further described below under *Financing Arrangements*, which may potentially be released from escrow if we pay interest on those notes using shares of our common stock. We incurred a net loss of $33.5 million for the three-month period ended March 31, 2021.

Our future capital requirements will depend on a number of factors, including:

- the amount of revenue generated from sales of Inbrija and Ampyra;
- our ability to manage operating expenses;
- the amount and timing of purchase price, milestone or other payments that we may owe or have a right to receive under collaboration, license, asset sale, acquisition, or other agreements or transactions; and the extent to which the terms and conditions of our convertible senior secured notes due 2024 restrict or direct our use of proceeds from such transactions;
- our ability to make required payments relating to our convertible senior secured notes due 2024 (the “2024 Notes”), as described below under *Financing Arrangements*, using shares of our common stock rather than cash;
- the extent to which we use cash to repay our remaining convertible senior notes due 2021, as described below under *Financing Arrangements*;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights; and
- capital required or used for future acquisitions, to in-license new products, programs or compounds, or for research and development relating to existing or future acquired or in-licensed programs or compounds.

Our ability to meet our future operating requirements, repay our liabilities, and meet our other obligations are dependent upon a number of factors, including our ability to generate cash from product sales, reduce planned expenditures, and obtain additional financing. If we are unable to generate sufficient cash flow from the sale of our products, we may be required to adopt one or more alternatives, subject to the restrictions contained in the indenture governing our 2024 Notes, such as further reducing expenses, selling assets, restructuring debt, or obtaining additional equity capital on terms that may

be onerous and which are likely to be highly dilutive. Also, our ability to raise additional capital and repay or restructure our indebtedness will depend on the capital markets and our financial condition at such time, among other factors. In addition, financing may not be available when needed, at all, on terms acceptable to us or in accordance with the restrictions described above.

Financing Arrangements

Convertible Senior Secured Notes Due 2024

On December 24, 2019, the Company completed the private exchange of $276.0 million aggregate principal amount of its outstanding 1.75% Convertible Senior Notes due 2021 (the "2021 Notes") for a combination of newly-issued 6.00% Convertible Senior Secured Notes due 2024 (the "2024 Notes") and cash. For each $1,000 principal amount of exchanged 2021 Notes, the Company issued $750 principal amount of the 2024 Notes and made a cash payment of $200 (the "Exchange"). In the aggregate, the Company issued approximately $207.0 million aggregate principal amount of the 2024 Notes and paid approximate $55.2 million in cash to participating holders. The Exchange was conducted with a limited number of institutional holders of the 2021 Notes pursuant to Exchange Agreements dated as of December 20, 2019 (each, an "Exchange Agreement").

The 2024 Notes were issued pursuant to an Indenture, dated as of December 23, 2019, among the Company, its wholly owned subsidiary, Civitas Therapeutics, Inc. (along with any domestic subsidiaries acquired or formed after the date of issuance, the "Guarantors"), and Wilmington Trust, National Association, as trustee and collateral agent (the "2024 Indenture"). The 2024 Notes are senior obligations of the Company and the Guarantors, secured by a first priority security interest in substantially all of the assets of the Company and the Guarantors, subject to certain exceptions described in the Security Agreement, dated as of December 23, 2019, between the grantors party thereto and Wilmington Trust, National Association, as collateral agent (the "Security Agreement").

The 2024 Notes will mature on December 1, 2024 unless earlier converted in accordance with their terms prior to such date. Interest on the 2024 Notes is payable semi-annually in arrears at a rate of 6.00% per annum on each June 1 and December 1, beginning on June 1, 2020. The Company may elect to pay interest in cash or shares of the Company's common stock, subject to the satisfaction of certain conditions. If the Company elects to pay interest in shares of common stock, such common stock will have a per share value equal to 95% of the daily volume-weighted average price for the 10 trading days ending on and including the trading day immediately preceding the relevant interest payment date. In December 2020, the Company issued 1,484,871 shares of common stock in satisfaction of the interest payable to holders of the 2024 Notes on December 1, 2020. In connection with this stock-based interest payment approximately $6.2 million of accrued interest was released from restricted case and became available to the Company for other purposes.

The 2024 Notes are convertible at the option of the holder into shares of common stock of the Company at any time prior to the close of business on the second scheduled trading day immediately preceding the maturity date. The adjusted conversion rate for the 2024 Notes is 47.6190 shares of the Company's common stock per $1,000 principal amount of 2024 Notes, representing an adjusted conversion price of approximately $21.00 per share of common stock. The conversion rate was adjusted to reflect the 1-for-6 reverse stock split effected on December 31, 2020 and is subject to additional adjustments in certain circumstances as described in the 2024 Indenture.

The Company may elect to settle conversions of the 2024 Notes in cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock. Holders who convert their 2024 Notes prior to June 1, 2023 (other than in connection with a make-whole fundamental change) will also be entitled to an interest make-whole payment equal to the sum of all regularly scheduled stated interest payments, if any, due on such 2024 Notes on each interest payment date occurring after the conversion date for such conversion and on or before June 1, 2023. In addition, the Company will have the right to cause all 2024 Notes then outstanding to be converted automatically if the volume-weighted average price per share of the Company's common stock equals or exceeds 130% of the adjusted conversion price for a specified period of time and certain other conditions are satisfied.

Holders of the 2024 Notes will have the right, at their option, to require the Company to purchase their 2024 Notes if a fundamental change (as defined in the 2024 Indenture) occurs, in each case, at a repurchase price equal to 100% of the principal amount of the 2024 Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date. If a make-whole fundamental change occurs, as described in the 2024 Indenture, and a holder

elects to convert its 2024 Notes in connection with such make-whole fundamental change, such holder may be entitled to an increase in the adjusted conversion rate as described in the 2024 Indenture.

Subject to a number of exceptions and qualifications, the 2024 Indenture restricts the ability of the Company and certain of its subsidiaries to, among other things, (i) pay dividends or make other payments or distributions on their capital stock, or purchase, redeem, defease or otherwise acquire or retire for value any capital stock, (ii) make certain investments, (iii) incur indebtedness or issue preferred stock, other than certain forms of permitted debt, which includes, among other items, indebtedness incurred to refinance the 2021 Notes, (iv) create liens on their assets, (v) sell their assets, (vi) enter into certain transactions with affiliates or (vii) merge, consolidate or sell of all or substantially all of their assets. The 2024 Indenture also requires the Company to make an offer to repurchase the 2024 Notes upon the occurrence of certain asset sales.

The 2024 Indenture provides that a number of events will constitute an event of default, including, among other things, (i) a failure to pay interest for 30 days, (ii) failure to pay the 2024 Notes when due at maturity, upon any required repurchase, upon declaration of acceleration or otherwise, (iii) failure to convert the 2024 Notes in accordance with the 2024 Indenture and the failure continues for five business days, (iv) not issuing certain notices required by the 2024 Indenture within a timely manner, (v) failure to comply with the other covenants or agreements in the 2024 Indenture for 60 days following the receipt of a notice of non-compliance, (vi) a default or other failure by the Company to make required payments under other indebtedness of the Company or certain subsidiaries having an outstanding principal amount of $30.0 million or more, (vii) failure by the Company or certain subsidiaries to pay final judgments aggregating in excess of $30.0 million, (viii) certain events of bankruptcy or insolvency and (ix) the commercial launch in the United States of a product determined by the U.S. FDA to be bioequivalent to Inbrija. In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding 2024 Notes will become due and payable immediately without further action or notice. If any other event of default occurs and is continuing, the trustee or the holders of at least 25% in aggregate principal amount of the then outstanding 2024 Notes may declare all the notes to be due and payable immediately.

The 2021 Notes received by the Company in the Exchange were cancelled in accordance with their terms. Accordingly, upon completion of the Exchange, $69.0 million of the 2021 Notes remained outstanding.

The Company assessed all terms and features of the 2024 Notes in order to identify any potential embedded features that would require bifurcation. As part of this analysis, the Company assessed the economic characteristics and risks of the 2024 Notes, including the conversion, put and call features. The Company concluded the conversion features required bifurcation as a derivative. The fair value of the conversion feature derivative was determined based on the difference between the fair value of the 2024 Notes with the conversion options and the fair value of the 2024 Notes without the conversion options using a binomial model. The Company determined that the fair value of the derivative upon issuance of the 2024 Notes was $59.4 million and recorded this amount as a derivative liability with an offsetting amount as a debt discount as a reduction to the carrying value of the 2024 Notes on the closing date, or December 24, 2019. There are several embedded features within the 2024 Notes which, upon issuance, did not meet the conditions for equity classification. As a result, these features were aggregated together and recorded as the derivative liability conversion option. The conversion feature is measured at fair value on a quarterly basis and the changes in the fair value of the conversion feature for the period will be recognized in the consolidated statements of operations.

The Company received stockholder approval on August 28, 2020 to increase the number of authorized shares of the Company’s common stock from 13,333,333 shares to 61,666,666 shares. As a result of the share approval, the Company determined that multiple embedded conversion options met the conditions for equity classification. The Company performed a valuation of these conversion options as of September 17, 2020, which was the date the Company completed certain securities registration obligations. The resulting fair value of these conversion options was $18.3 million, which was reclassified to equity and presented in the statement of stockholder’s equity as of September 30, 2020, net of the $4.4 million tax impact. The equity component is not re-measured as long as it continues to meet the conditions for equity classification. The Company performed a valuation of the derivative liability related to certain embedded conversion features that are precluded from equity classification. The fair value of these conversion features was calculated to be $1.4 million, representing a change of $0.2 million that is recognized in the consolidated statement of operations for the three-month period ended of March 31, 2021.

The outstanding 2024 Note balance as of March 31, 2021 consisted of the following:

(In thousands)	March 31, 2021
Liability component:	
Principal	$ 207,000
Less: debt discount and debt issuance costs, net	(66,249)
Net carrying amount	$ 140,751
Equity component	$ 18,257
Derivative liability-conversion Option	$ 1,418

Convertible Senior Notes Due 2021

In June 2014, the Company entered into an underwriting agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC (the "Underwriter") relating to the issuance by the Company of $345 million aggregate principal amount of 1.75% Convertible Senior Notes due 2021 (the "2021 Notes") in an underwritten public offering. The net proceeds from the offering were $337.5 million after deducting the Underwriter's discount and offering expenses paid by the Company. On December 24, 2019, the Company completed the private exchange of $276.0 million aggregate principal amount of its outstanding 2021 Notes for a combination of newly-issued 6.00% Convertible Senior Secured Notes due 2024 (the "2024 Notes") and cash. The 2021 Notes received by the Company in the exchange were cancelled in accordance with their terms. Accordingly, upon completion of the exchange, $69.0 million of the 2021 Notes remained outstanding.

The 2021 Notes are governed by the terms of an indenture, dated as of June 23, 2014 (the "Base Indenture") and the first supplemental indenture, dated as of June 23, 2014 (the "Supplemental Indenture," and together with the Base Indenture, the "2021 Indenture"), each between the Company and Wilmington Trust, National Association, as trustee (the "Trustee"). The 2021 Notes are convertible into cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, based on an adjusted conversion rate of 3.9161 shares per $1,000 principal amount of 2021 Notes (representing an adjusted conversion price of approximately $255.35 per share), only in the following circumstances and to the following extent: (1) during the five business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1,000 principal amount of 2021 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (2) during any calendar quarter commencing after the calendar quarter ending on September 30, 2014 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the adjusted conversion price on each applicable trading day; (3) if the Company calls any or all of the 2021 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date; (4) upon the occurrence of specified events described in the 2021 Indenture; and (5) at any time on or after December 15, 2020 through the second scheduled trading day immediately preceding the maturity date. The conversion rate described above was adjusted to reflect the 1-for-6 reverse stock split effected on December 31, 2020 and is subject to additional adjustments in certain circumstances as described in the 2021 Indenture.

The Company may redeem for cash all or part of the 2021 Notes, at the Company's option, after June 20, 2017 if the last reported sale price of the Company's common stock has been at least 130% of the adjusted conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending within five trading days prior to the date on which the Company provides notice of redemption at a redemption price equal to 100% of the principal amount of the 2021 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

The Company pays 1.75% interest per annum on the principal amount of the 2021 Notes, payable semiannually in arrears in cash on June 15 and December 15 of each year. The 2021 Notes will mature on June 15, 2021.

If the Company undergoes a "fundamental change" (as defined in the 2021 Indenture), subject to certain conditions, holders may require the Company to repurchase for cash all or part of their 2021 Notes in principal amounts of $1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the 2021 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date. If a make-whole fundamental change occurs, as described in the 2021 Indenture, and a holder elects to convert its 2021 Notes in

connection with such make-whole fundamental change, such holder may be entitled to an increase in the adjusted conversion rate as described in the 2021 Indenture.

The 2021 Indenture contains customary terms and covenants and events of default. If an event of default (other than certain events of bankruptcy, insolvency or reorganization involving the Company) occurs and is continuing, the Trustee by notice to the Company, or the holders of at least 25% in principal amount of the outstanding 2021 Notes by notice to the Company and the Trustee, may declare 100% of the principal of and accrued and unpaid interest, if any, on all the 2021 Notes to be due and payable. Upon such a declaration of acceleration, such principal and accrued and unpaid interest, if any, will be due and payable immediately. Upon the occurrence of certain events of bankruptcy, insolvency or reorganization involving the Company, 100% of the principal and accrued and unpaid interest, if any, on all of the 2021 Notes will become due and payable automatically. Notwithstanding the foregoing, the 2021 Indenture provides that, to the extent the Company elects and for up to 270 days, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the 2021 Indenture consists exclusively of the right to receive additional interest on the 2021 Notes.

The 2021 Notes are senior unsecured obligations and rank equally with all of the Company's existing and future senior debt and senior to any of the Company's subordinated debt. The 2021 Notes are structurally subordinated to all existing or future indebtedness and other liabilities (including trade payables) of the Company's subsidiaries and are effectively subordinated to the Company's existing or future secured indebtedness to the extent of the value of the collateral. The 2021 Indenture does not limit the amount of debt that the Company or its subsidiaries may incur.

In accounting for the issuance of the 2021 Notes, the Company separated the 2021 Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the 2021 Notes as a whole. The excess of the principal amount of the liability component over its carrying amount, referred to as the debt discount, is amortized to interest expense over the seven-year term of the 2021 Notes using the effective interest method. The equity component is not re-measured as long as it continues to meet the conditions for equity classification.

Our outstanding 2021 Note balances as of March 31, 2021 consisted of the following:

(In thousands)	March 31, 2021
Liability component:	
Principal	$ 69,000
Less: debt discount and debt issuance costs, net	(471)
Net carrying amount	$ 68,529
Equity component	$ 22,791

Non-Convertible Capital Loans

Non-convertible capital loans were granted by Business Finland (formerly Tekes), with an adjusted acquisition-date fair value of $20.5 million (€18.2 million) and a carrying value of $25.7 million as of March 31, 2021. The loans are composed of fourteen non-convertible loans. The loans bear interest based on the greater of 3% or the base rate set by Finland's Ministry of Finance minus one (1) percentage point. The maturity dates for these loans range from eight to ten years from the date of issuance, however, according to certain terms and conditions of the loans, the Company may repay the principal and accrued and unpaid interest of the loans only when the consolidated retained earnings of Biotie is sufficient to fully repay the loans.

Research and Development Loans

Research and Development Loans ("R&D Loans") were granted by Business Finland with an acquisition-date fair value of $2.9 million (€2.6 million) and a carrying value of $0.0 million as of March 31, 2021. The R&D Loans bear interest based on the greater of 1% or the base rate set by Finland's Ministry of Finance minus three (3) percentage points. The repayment of these loans began in January 2017. The loan principal is paid in equal annual installments over a 5 year period, which ended January 2021.

Cash, Cash Equivalents and Investments

At March 31, 2021, cash and cash equivalents were approximately $116.8 million, as compared to $71.4 million at December 31, 2020. Our cash equivalents consist of highly liquid investments with original maturities of three months or less at date of purchase and consist of investments in a Treasury money market fund. Also, we maintain cash balances with financial institutions in excess of insured limits. We do not anticipate any losses with respect to such cash balances. Our March 31, 2021 cash and cash equivalents balance does not include restricted cash, currently held in escrow under the terms of our convertible senior secured notes due 2024, further described above under *Financing Arrangements*, which may potentially be released from escrow if we pay interest on those notes using shares of our common stock.

Net Cash Used in Operations

Net cash used in operations was $26.9 million for the three-month period ending March 31, 2021. Cash used by operations for the three-month period ended March 31, 2021 was primarily due to net loss of $33.5 million, a change in acquired contingent consideration liability of $1.0 million, non-cash royalty revenue of $3.0 million, deferred tax benefit of $3.2 million, an increase in inventory of $1.0 million, a decrease in accounts payable, accrued expenses and other current liabilities of $2.6 million, and a decrease in other non-current liabilities of $0.2 million. This was partially offset by share based compensation expense of $0.7 million, amortization of debt discount and debt issuance costs of $4.3 million, depreciation and amortization of $8.5 million, a change in the derivative liability of $0.2 million, a decrease in accounts receivable of $2.9 million, and a decrease in prepaid expenses and other assets of $0.8 million.

Net Cash Used in Investing

Net cash used in investing activities for the three-month period ended March 31, 2021 was $0.1 million, which was due primarily to purchases of property and equipment and intangible assets of $0.1 million.

Net Cash Provided by Financing

Net cash provided by financing activities for the three-month period ended March 31, 2021 was $73.3 million, which was primarily due to net proceeds from the sale of the Chelsea facility of $74.0 million, partially offset by the repayment of loans payable of $0.7 million.

Contractual Obligations and Commitments

A summary of our minimum contractual obligations related to our material outstanding contractual commitments is included in Note 13 of our Annual Report on Form 10-K for the year ended December 31, 2020. Our long-term contractual obligations include commitments and estimated purchase obligations entered into in the normal course of business.

Under certain agreements, we are required to pay royalties or license fees and milestones for the use of technologies and products in our research and development activities and in the commercialization of products. The amount and timing of any of the foregoing payments are not known due to the uncertainty surrounding the successful research, development and commercialization of the products. As of March 31, 2021, we have inventory-related purchase commitments of approximately $2.7 million, as compared to $2.8 million as of December 31, 2020. Under our agreement with Catalent, we are obligated to make minimum purchase commitments for Inbrija through the expiration of the agreement on December 31, 2030. As of March 31, 2021, the minimum remaining purchase commitment to Catalent was $12 million through December 31, 2021, and $18 million annually each year thereafter.

Critical Accounting Policies and Estimates

Our critical accounting policies are detailed in our Annual Report on Form 10-K for the year ended December 31, 2020. Effective January 1, 2021, the Company adopted ASU 2019-12, “Simplifying the Accounting for Income Taxes” (Topic 740). Other than the adoption of the new accounting guidance, our significant accounting policies have not changed materially from December 31, 2020.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this item.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the Exchange Act) we carried out an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the first quarter of 2021, the period covered by this report. This evaluation was carried out under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Vice President, Finance and Controller and interim principal financial and accounting officer. Based on that evaluation, these officers have concluded that, as of March 31, 2021, our disclosure controls and procedures were effective to achieve their stated purpose.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations, and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding disclosure.

Change in internal control over financial reporting

In connection with the evaluation required by Exchange Act Rule 13a-15(d), our management, including our President and Chief Executive Officer and our Vice President, Finance and Controller and interim principal financial and accounting officer, concluded that there were no changes in our internal control over financial reporting during the quarter ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the effectiveness of controls

Our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in litigation or other legal proceedings relating to claims arising out of operations in the normal course of our business, including the DRI matter described below. The outcome of litigation and other legal proceedings is unpredictable, and regardless of outcome, they can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

On November 9, 2020, Drug Royalty III, L.P., and LSRC III S.ar.l. (collectively, "DRI") filed an arbitration claim against us with the American Arbitration Association under a September 26, 2003 License Agreement that we originally entered into with Rush-Presbyterian St. Luke's Medical Center ("Rush"). DRI previously purchased license royalty rights under the license agreement from Rush. DRI alleges a dispute over the last-to-expire patent covering sales of the drug Ampyra under the license agreement, and is claiming damages based on unpaid license royalties of $6 million plus interest. We believe we have valid defenses against this claim and intend to defend ourselves vigorously.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, Item 1A. Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2020, all of which could materially affect our business, financial condition or future results. These risks are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits

Exhibit No.	Description
10.1*	Form of time-based vesting Restricted Stock Unit Agreement for awards under the Acorda Therapeutics, Inc. 2015 Omnibus Incentive Compensation Plan.
10.2*	Severance policies applicable to Robert Morales, Vice President, Finance and Controller, and interim principal financial and accounting officer.
10.3*	Acorda Therapeutics, Inc. Directors Compensation Policy, as amended April 15, 2021.
31.1	Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
31.2	Certification by the Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File, formatted in Inline XBRL (included in Exhibit 101).

* Indicates management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACORDA THERAPEUTICS, INC.

By: /s/ RON COHEN

Ron Cohen, M.D.

President, Chief Executive Officer and Director

Date: May 12, 2021

By: /s/ ROBERT MORALES

Robert Morales

Vice President, Finance and Controller and interim principal financial and accounting officer

Date: May 12, 2021

EXHIBIT 10.1

Restricted Stock Unit Number:

RESTRICTED STOCK UNIT AGREEMENT

This Agreement is entered into as of _____, by and between ACORDA THERAPEUTICS, INC., a Delaware corporation ("**Company**"), and the stated Employee referenced below.

Name of Employee:
Address:

Number of Shares:

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, in accordance with the Acorda Therapeutics, Inc. 2015 Omnibus Incentive Compensation Plan (the "**Plan**") the parties hereto hereby agree as follows (all capitalized terms herein not otherwise defined shall have the meanings set forth in the Plan):

1. Grant. The Company hereby grants to the Employee the following number of Restricted Stock Units under the Plan, subject to the terms of the Plan and the restrictions and provisions of this Agreement (the "**Restricted Stock Units**").

Restricted Stock Units:

2. Treatment Prior to Settlement.

a. *No Shareholder Rights Before Settlement*. This Award is an unfunded and unsecured promise to deliver shares, and each Restricted Stock Unit subject to this Award corresponds to the fair market value of one share of the Company's common stock. Employee shall not be entitled to any rights or privileges of ownership of shares of Common Stock with respect to any Restricted Stock Unit unless and until a share of Common Stock is actually delivered to Employee in settlement of such Restricted Stock Unit pursuant to this Agreement, but for clarity, from and after vesting of a Restricted Stock Unit in accordance with Section 2(d) below, Employee shall have the right to delivery of a share of Common Stock in settlement thereof, subject to the terms of this Agreement and the Plan. Except as otherwise required by law, this Award may not be sold, assigned, exchanged, transferred, pledged, hypothecated or otherwise disposed of.

b. *Dividend Equivalents*. On each payment date with respect to any dividend or distribution to holders of Common Stock with a record date occurring while Restricted Stock Units remains outstanding, Employee will be credited with additional Restricted Stock Units (rounded to the nearest whole unit) having a value equal to the amount of the dividend or distribution that would have been payable with respect to the outstanding Restricted Stock Units if they had been actual shares of Common Stock on such record date, based on the Fair Market Value on the applicable payment date. All such additional Restricted Stock Units shall be subject to the same restrictions and conditions as the Restricted Stock Units with respect to which they were credited.

d. *Forfeiture*. If Employee's employment terminates before all of the Restricted Stock Units are vested in accordance with Section 2(d), any of the Restricted Stock Units that are unvested shall be forfeited to the Company on the effective date of the termination of Employee's employment except as provided in Section 2(e).

e. *Vesting.* The Restricted Stock Units shall no longer be subject to the forfeiture provisions of Section 2(c) (*i.e*., the Award shall vest) in accordance with the following schedule, to the extent the Employee remains continuously employed by the Company or one of its Subsidiaries up to and including the applicable vesting date:

The Restricted Stock Units shall vest in three installments in the amounts of [*insert vesting percentages*]% of the total number of Restricted Stock Units granted under this agreement (subject to rounding), with vest dates of [*insert vesting dates*], respectively, subject to the terms and conditions set forth in this Agreement and the Plan.

f. *Vesting Upon Death.* In the event of the termination of the Employee's employment due to death while any Restricted Stock Units are outstanding but unvested, such Award shall immediately become fully vested, notwithstanding the vesting schedule in this Agreement, provided that:

(i)the Employee had at least one full year of service with the Company and had not been on probation during the 24-month period preceding death;

(ii)the Employee had not been on disability leave for longer than two consecutive years at the time of death; and

(iii)the Employee's death was not due to suicide or did not result from any illness, injury, or disease that resulted from illegal drug use; was not incurred while the Employee was engaged in criminal conduct; and was not intentionally self-inflicted.

f. *Settlement following Vesting*. After Restricted Stock Units become vested, the Company shall deliver to Employee (or Employee's legal representative) a number of shares of Common Stock corresponding to the number of vested Restricted Stock Units. The shares will be delivered on the second business day following the vesting date in which no broad-based restrictions on trading in Common Stock are imposed on Company employees under securities laws or Company policies, provided that (a) settlement shall occur no earlier than 10 business days after the vesting date, (b) the Company may, in its discretion, delay settlement if and to the extent it determines that such delay is needed for compliance with restrictions on trading Common Stock under securities laws or Company insider trading or similar policies applicable to the Employee, and (c) in no event shall payment be made later than March 15 of the year after the year in which the vesting date occurs (subject to Section 10). Company need not deliver such shares to Employee until Employee has paid or caused to be paid all taxes required to be withheld pursuant to Section 3 hereof.

3. Withholding. The Company may withhold from any payment to Employee to the extent permitted by law any taxes resulting from this Agreement that the Company determines it is required to withhold under the laws and regulations of any governmental authority, whether federal, state or local and whether domestic or foreign. Subject to applicable legal requirements, Employee may elect to satisfy such withholding requirements either by (i) delivery to the Company of a certified check prior to the delivery of shares of Common Stock pursuant to Section 2, or (ii) another method of payment, but only if agreed to at the time by the Company.

4. Notice. All notices, requests, demands, waivers and communications required or permitted to be given hereunder shall be in writing and shall be delivered in person or mailed, certified or registered mail with postage prepaid, or sent by facsimile, as follows:

If to the Company, to:

Acorda Therapeutics, Inc.
420 Saw Mill River Road
Ardsley, NY 10502
Facsimile: (914) 347-4560
Attention: Chief Financial Officer

If to Employee, to his or her last known mailing address specified in the Company's employee records.

or to such other address as either party hereto shall specify by notice in writing to the other party in accordance with this Section. All such notices, requests, demands, waivers and communications shall be deemed to have been received on the date when given unless mailed, in which case on the third business day after the mailing.

5. No Employment Rights. The Employee shall not have any rights to continued employment by the Company or any Subsidiary by virtue of the grant of the Restricted Stock Units.

6. Award Subject to Plan. Employee acknowledges receipt of a copy of the Plan. The Restricted Stock Unit grant has been made pursuant to the Plan and is in all respects subject to the terms and conditions thereof. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

7. Board Determinations. In the event that any question or controversy shall arise with respect to the nature, scope or extent of any one or more rights conferred by this Agreement, the determination by the Board (or the Committee established by the Board to administer the Plan) of the rights of the Employee shall be conclusive, final and binding upon Employee and upon any other person who shall assert any right pursuant to this Agreement.

8. Change in Control. In the event a Change in Control occurs, the shares of Restricted Stock Units shall be treated as specified in the Plan.

9. Assignment. The Company may assign its rights hereunder. Employee may not assign any of his rights hereunder. Neither party may assign any of their obligations hereunder.

10. Section 409A. This Award is intended to be exempt from section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**") and to the maximum extent permitted the Plan shall be limited, construed and interpreted in accordance with such intent. No payment shall be made under the Plan later than the deadline to be considered a short-term deferral under Treasury Regulation section 1.409A-1(b)(4). However, nothing in this Agreement or otherwise transfers any tax liability of Employee, including any additional tax under Section 409A, to the Company or any other person.

11. Entire Understanding. This Agreement and the Plan constitute the entire understanding between the Employee and the Company regarding the Restricted Stock Units, except that any terms and conditions in any written employment or similar agreement with the Company or one of its Subsidiaries regarding the vesting of the Restricted Stock Units shall be deemed incorporated by reference. Any prior agreements, commitments, or negotiations concerning the Restricted Stock Units (other than terms and conditions in a written employment or similar agreement with the Company or one of its Subsidiaries regarding the vesting of the Restricted Stock Units) are superseded.

12. Online Acceptance. By online acceptance of this Restricted Stock Units Award via the E-Trade website, the Employee acknowledges that he or she has reviewed and agrees to be bound by the terms and conditions hereof.

EXHIBIT 10.2

May 12, 2021

Mr. Robert Morales
18 Brothers Road
Poughquag, NY 12570

Subject: Acorda Change in Control Severance Policy (Vice President) (the "**Policy**")

Dear Rob:

I am writing in regards to the Policy (a copy is attached for reference), which is applicable to you as an Acorda Vice President. The purpose of this letter is to confirm Acorda's agreement, due to the additional responsibilities that you have taken on, that for purposes of the Policy your "Severance Period" for severance and COBRA benefits under the Policy would be 15 months if "Change in Control" benefits are triggered under the Policy. These 15-month severance and COBRA benefits are an increase from the benefits that you would otherwise receive under the Policy for a Vice President level employee, based on your current service with the Company.

Best Regards,

/s/ Denise J. Duca
Denise J. Duca
Executive Vice President – Human Resources

Attachment to Letter

Change in Control Severance Policy
(Vice President)

CHANGE IN CONTROL SEVERANCE POLICY
(Vice President)

Acorda Therapeutics, Inc., a Delaware Corporation ("Acorda," and collectively with its subsidiaries, the "Company"), established the Change in Control Severance Policy (the "Policy") effective December 9, 2011 (the "Effective Date") for Employees (as defined below) of the Company, and was subsequently amended effective April 27, 2017, as set forth in this policy document. The Company desires to provide certain protections to Employees in the event of a Change in Control on or after the Effective Date in order to induce Employees to remain in the employ of the Company notwithstanding any risks and uncertainties created by a potential Change in Control.

1. Definitions.

(a) "Board of Directors" shall mean the Board of Directors of the Company.

(b) "Change in Control" shall be deemed to have occurred if:

(i) there is a consolidation or merger of the Company in which the Company is not the continuing or surviving corporation; or there is any other merger or consolidation if, after such merger or consolidation shareholders of the Company immediately prior to such merger or consolidation hold less than 50% of the voting stock of the surviving entity;

(ii) there is a sale or transfer of all or substantially all of the assets of the Company in one or a series of transactions or there is a complete liquidation or dissolution of the Company; or

(iii) any individual or entity or group acting in concert and affiliates thereof, acquires, directly or indirectly, more than 50% of the outstanding shares of voting stock of the Company; provided that this subsection (iii) shall not apply to an underwritten public offering of the Company's securities.

For the avoidance of doubt, an entity does not experience a Change in Control under this Policy prior to, or on account of, becoming a direct or indirect subsidiary of Acorda.

(c) "Cause" shall mean that Employee has:

(i) committed gross negligence in connection with Employee's duties with respect to the business and affairs of the Company;

(ii) committed fraud in connection with Employee's duties with respect to the business and affairs of the Company;

(iii) engaged in "willful misconduct" with respect to the business and affairs of the Company. For purposes of this Policy, "willful misconduct" means misconduct committed with actual knowledge that Employee's actions violate directions

and instructions of Employee's direct or indirect supervisor, which directions and instructions are legal and consistent with the terms of Employee's employment;

(iv) materially breached Employee's duties to the Company or failed to materially comply with the Company's policies and practices; or

(v) committed an act of moral turpitude, theft, dishonesty or insubordination.

(d) "Committee" shall mean the person or committee appointed by the Board of Directors to administer the Policy.

(e) "Employee" shall mean any employee employed by the Company at the level of Vice President not covered by an individual agreement pursuant to which the individual is entitled to severance benefits in connection with the occurrence of a change in control of the Company or the termination of employment after the occurrence of such a change in control. For the avoidance of doubt, no Employee shall be entitled to receive benefits both under this Policy and any separate change in control or severance agreement.

(f) "Good Reason" shall mean:

(i) a material diminution in Employee's base salary;

(ii) a material diminution in Employee's authority, duties, or responsibilities;

(iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Employee reports; or

(iv) the Company requires Employee to relocate 50 miles or more from his or her present place of work.

Termination for Good Reason shall be deemed to have occurred only if (A) within 60 days after the initial existence of the condition on which the alleged Good Reason is based, the Employee provides to the Company written notice stating in detail the particular conditions that constitute the grounds on which the proposed termination for Good Reason is based, (B) the Company does not cure the specified conditions within thirty days after receiving the notice, and (C) Employee terminates within 60 days after the Company's receipt of the notice.

2. Termination of Employment Following a Change in Control.

(a) If the Employee's employment is terminated by the Company for Cause or as a result of the Employee's resignation without Good Reason, the Employee shall be

entitled to the following payments only: (A) payment of his or her base salary accrued up to and including the date of termination or resignation; (B) payment in lieu of any accrued but unused vacation time, subject to and in accordance with the Company's vacation policy; and (C) payment of any unreimbursed expenses incurred through the date of termination in accordance with the Company's business expense reimbursement policy (collectively, the "Accrued Obligations"). Payment for the amounts referred to in clauses (A) and (B) shall be made at the time of the Company's standard payroll for the period that includes the date of termination of Employee's employment, unless otherwise required by applicable law. Payment for the amounts referred to in clause (C) shall be made within 10 days following Employee's presentation of acceptable supporting documentation but no later than December 31 of the year next following the year of termination of Employee's employment.

(b) Upon a termination of an Employee's employment by the Company without Cause or by the Employee for Good Reason, in either case within twelve (12) months following a Change in Control:

(i) The Employee shall receive the Accrued Obligations.

(ii) The Employee shall receive severance pay in an amount equal to the Employee's monthly base salary, at the rate of pay in effect as of the date of termination, multiplied by the number of months in the Employee's "Severance Period." The Employee's "Severance Period" shall be one (1) month multiplied by each full year of the Employee's continuous service subject to a minimum of nine (9) months and maximum of twelve (12) months. A full year of service means twelve (12) months of service measured from the Employee's hire date or an anniversary thereof. The hire date refers to the Employee's most recent hire date with the Company or, if the Employee has been employed continuously with both the Company and an entity that was acquired by the Company, the Employee's most recent hire date with such entity. Prior periods of employment are disregarded.

The severance payment under this Section 2(b)(ii) shall be paid in a lump sum within two (2) months following the month of termination of Employee's employment, and shall be paid without regard to any subsequent employment Employee may obtain.

(iii) If any such Employee or such Employee's eligible spouse and dependents timely elect COBRA coverage, the Company will pay the monthly premiums for such coverage for the Severance Period, provided that if the Employee elects coverage under a subsequent employer's group health insurance plan during those months, payment of such premiums shall cease. However, the Company will not pay such premiums if paying such premiums only under the conditions described in this policy would violate applicable law (including any rule prohibiting disproportionately favoring highly compensated employees).

(c) All payments made under Section 2 shall be subject to Employee's execution and delivery of a general release of the Company, its parents, subsidiaries and

affiliates and each of its officers and directors (or equivalent), employees, agents, successors and assigns ("Released Parties"), in a form determined by the Company, in its discretion, that is no longer subject to revocation under applicable law. Such release may include such provisions as determined by the Company, in its discretion, including without limitation requiring confidentiality of Company information, restricting use of Company information, prohibiting solicitation of employees, customers or suppliers, and prohibiting disparagement of the Released Parties.

(d) Whenever a payment under this policy specifies a payment period with reference to a number of days or months, the actual date of payment within the specified period shall be within the sole discretion of the Company.

3. Miscellaneous.

(a) The Board of Directors has the right by written resolution to amend, suspend, or terminate the Policy at any time prior to six months before a Change in Control occurs.

(b) The Company's promise to pay benefits under the Policy will at all times remain unfunded as to each Employee, whose rights under the Policy are limited to those of a general and unsecured creditor of the Company.

(c) The Committee has discretion to administer and interpret this Policy. The payments and benefits under the Policy are intended to be, and shall be interpreted to be, exempt from section 409A of the Internal Revenue Code of 1986, as amended. However, in no event is the Company responsible for any tax or penalty owed by an Employee with respect to the payments under this Policy.

(d) No provisions of the Policy will give any person any right to be retained in the employ of the Company (or its subsidiaries and affiliates). The Company specifically reserves the right and power to dismiss or discharge any Employee for any reason or no reason and at any time.

(e) The Company may withhold from any payment under this Policy an amount the Company reasonably believes is required to be withheld.

(f) No payment or benefit under the Policy shall duplicate any other severance payment or benefit under another policy, program, or plan of the Company. If the Employee is entitled to severance payments or benefits under another policy, program, or plan of the Company, the Employee shall receive only the amounts under the Policy, if any, that exceed such other amounts.

NON CHANGE IN CONTROL SEVERANCE POLICY
[Applicable to Robert Morales]

Acorda Therapeutics, Inc. Severance Policy
Effective as of April 27, 2017

Acorda Therapeutics, Inc., a Delaware Corporation ("Acorda," and collectively with its subsidiaries, the "Company") has established the Acorda Therapeutics, Inc. Severance Policy (the "Policy") to provide certain severance benefits in the event of a termination of employment following a layoff. The Policy is effective as of April 27, 2017.

ELIGIBILITY

You are covered under the Policy if you are classified by the Company as an employee and notified by the Company in writing as being covered under the Policy.

POLICY BENEFITS

The Policy provides benefits only if your employment with the Company terminates in connection with a "Layoff," as defined below. In order to receive benefits, all of the following conditions must be satisfied:

a. you are given notice that your employment will be involuntarily terminated due to a Layoff;

b. you remain employed by the Company, complete all previously assigned tasks and are actively at work until the date determined by the Company to be your last day of work; and

c. you continue to honor all contractual obligations you may have to the Company, including, without limitation, any confidentiality and nondisclosure agreement.

In addition, you will not receive payments under the Policy unless you sign (and then which becomes legally effective) a written release of the Company, its affiliates, and each of their employees, officers and directors (or equivalent), agents, successors and assigns ("Released Parties") from any and all claims arising from or relating to your employment in a form determined by the Company, in its discretion. Such release may include such provisions as determined by the Company, in its discretion, including without limitation requiring confidentiality of Company information, restricting use of Company information, prohibiting solicitation of employees, customers or suppliers, and prohibiting disparagement of the Released Parties.

No payment or benefit under the Policy shall duplicate any other severance payment or benefit under another policy, program, or plan of the Company. If you are entitled to severance payments or benefits under another policy, program, or plan of the Company, you shall receive only the amounts under the Policy, if any, that exceed such other amounts.

Termination of Employment – In General

If your employment with the Company terminates in connection with a Layoff, you will be entitled to the following, which are called "Accrued Obligations":

1. Payment of your base salary accrued up to and including the date of termination, to be paid at the time of the Company's standard payroll for the period that includes the date of termination of employment, unless otherwise required by applicable law;

2. Payment for any accrued but unused vacation time, subject to and in accordance with the Company's vacation policy, to be paid at the time of the Company's standard payroll for the period that includes the date of termination of employment, unless otherwise required by applicable law; and

3. Payment of unreimbursed expenses incurred through the date of termination in accordance with the Company's business expense reimbursement policy, to be paid within 10 days after the Company receives your supporting documentation, but in no event later than December 31 of the year following termination of your employment.

Termination of Employment Due to a Layoff

If your employment with the Company terminates due to a Layoff, you will be entitled to the following benefits, in addition to the Accrued Obligations described above:

1. *Severance Pay*. You will be entitled to severance pay in an amount equal to six months of your base salary, at the rate of pay in effect as of the date of termination. Your severance pay will be paid in a lump sum at a time determined in the Company's discretion within two months following your termination of employment. Payment will be made regardless of any subsequent employment you obtain.

2. *COBRA Coverage*. If you or your eligible spouse or dependents timely elect COBRA continuation coverage under the Company's health plan, the Company will pay the full amount of the monthly premiums for such coverage for six months, except as follows. If you elect coverage under a subsequent employer's group health insurance plan during your 6-month severance period, payment of the premiums shall cease. If the payment of COBRA premiums would violate applicable law (including any rule prohibiting disproportionately favoring highly compensated employees), the Company will not pay the premiums.

Definitions

The following terms have the following meanings for purposes of this summary:

"***Cause***" means that you:

a. committed gross negligence in connection with the your duties with respect to the business and affairs of the Company;

b. committed fraud in connection with your duties with respect to the business and affairs of the Company;

c. engaged in "willful misconduct" with respect to the business and affairs of the Company, and "willful misconduct" means misconduct committed with actual knowledge that your actions violate directions and instructions of your direct or indirect supervisor, which directions and instructions are legal and consistent with the terms of your employment;

d. materially breached your duties to the Company or failed to materially comply with the Company's policies and practices; or

e. committed an act of moral turpitude, theft, dishonesty or insubordination.

*"**Layoff**"* means a job termination due to a reduction in force, adverse economic conditions, a reduction in business or other adverse business conditions, the phasing out of a department or position or such other events as determined in the discretion of the Company. Even if you have received a notice of Layoff, your termination of employment will not be considered a Layoff, and you will not receive severance payments, if:

a. you voluntarily resign;

b. you are terminated by the Company for Cause;

c. you receive an offer of employment in a similar position from the Company but do not accept such offer; or

d. in the event of a consolidation, merger or reorganization of the Company, or a spin-off or sale of a portion of the Company or its assets, you receive an offer of employment in a similar position by the acquiring or resulting entity but do not accept such offer.

INTERPRETATION, AMENDMENT AND TERMINATION OF THE POLICY

The Compensation Committee of the Board of Directors of the Company has discretion to administer and interpret the Policy on behalf of the Company. The Board of Directors of the Company has the right to amend, suspend, or terminate the Policy at any time.

YOUR RIGHTS UNDER THE POLICY

The Policy is intended to be an "employee welfare benefit plan" within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and 29 C.F.R. §2510.3-2(b).

The Policy is unfunded, has no trustee and is administered by the plan administrator (as identified below). Nothing in the Policy will be construed to give any employee the right to continue in the employment of the Company.

You may not transfer, assign, pledge, or sell your rights under this Policy. The Company has the right to withhold from payments under the Policy any tax it deems required to be withheld.

ERISA Rights

As a Participant in the Policy, you have certain rights and protections under ERISA. ERISA provides that all Policy participants shall be entitled to:

(a) Examine (without charge) at the plan administrator's office and at other specified locations, all documents governing the Policy and a copy of the latest annual report (Form 5500 series) filed by the Policy with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

(b) Obtain, upon written request to the plan administrator, copies of all Policy documents and other Policy information. A reasonable charge may be made for such copies.

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the Policy. The people who operate the Policy (called "fiduciaries") have a duty to do so prudently and in the interests of you and the other Participants and Beneficiaries. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Policy or exercising your rights under ERISA.

If your claim for a benefit under the Policy is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules. (The claim review procedure is explained below.)

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Policy documents or the latest annual report from the Policy and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the plan administrator to provide the materials and to pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in

whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the plan administrator's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

In any case, the court will decide who will pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds that your claim is frivolous.

If you have any questions regarding the Policy, please contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you may contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Claims Procedures

Initial Claims. Any Participant or beneficiary who believes he or she is entitled to any payment under the Policy (a "claimant") may submit a claim in writing to the plan administrator identified below. If the claim is denied (in full or in part), the claimant will be provided a written notice within 90 days after the claim is received. If special circumstances require an extension of time (up to 90 days), written notice of the extension will be given within the initial 90-day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Committee expects to render its decision on the claim. The denial notice will include—

(1) the specific reasons for the denial;
(2) a reference to the specific provisions of the Policy on which the denial is based;
(3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and
(4) an explanation of the Policy's claims procedure and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on appeal.

If the Committee does not notify the claimant of its decision within the time periods described in this subsection (a) (including any extensions for which the claimant receives timely notice), the claimant should consider the claim to have been denied immediately after the date by which the Committee should have resolved the claim. The time period for the claimant to

appeal will begin to run on that date and will expire 60 days after that date. If the claimant does not appeal, the claimant will be considered to have exhausted the claims procedures.

Appeals. If the claimant's claim is denied, the claimant may apply in writing to the Committee for a review of the decision denying the claim. A claimant must exhaust the appeals process before he will have a right to bring a civil action. If the claimant does not appeal a denied claim within 60 days after receiving notice of the claim decision, the claimant cannot exhaust the appeals process and will not be permitted to bring a lawsuit.

The request for review must state in clear and concise terms the reason or reasons for disputing the denial and must be accompanied by any pertinent documentary material not already furnished. Review must be requested within 60 days following the date the claimant received the written notice of its claim denial or else the claimant loses the right to review.

The claimant has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit issues and comments in writing.

The review will take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

The Committee will provide written notice of its decision on review within 60 days after it receives a review request. If additional time (up to 60 days) is needed to review the request, the claimant will be given written notice of the reason for the delay. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Committee expects to render its decision.

If the claim is denied (in full or in part), the notice will include—

(1) the specific reasons for the decision;
(2) a reference to the specific provisions of the Policy on which the decision is based;
(3) a statement that the claimant is entitled to receive, upon request and without charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; and
(4) a statement of the claimant's right to bring a civil action under section 502(a) of ERISA.

If the Committee does not resolve an appeal within the time periods described in this subsection (b) (including any extensions for which the Committee provides timely notice), the claimant may consider the appeal to have been denied immediately after the date by which the Committee should have resolved the appeal.

The Committee's decision on appeal is final, binding, and conclusive.

Authorized Representatives. A claimant may appoint an authorized representative to act on his behalf for the purposes of filing a claim and seeking a review of a denied claim, provided that the claimant notifies the Policy in advance of the name, address and telephone number of the authorized representative. Reference to "claimant" in this Policy should be read to include a properly appointed authorized representative.

ADDITIONAL INFORMATION

The Policy is officially known as the ACORDA THERAPEUTICS, INC. SEVERANCE POLICY. This Policy is an employee welfare benefit plan under ERISA Section 3(1). The Policy is unfunded, and benefits under the Policy are paid by the Company.

The Policy's 3-digit identification number for federal reporting purposes is **512**. The Policy's records are kept on a "Plan Year" of January 1 to December 31.

The Policy is sponsored and maintained by the Company. The Company is the agent for service of legal process. The Company's legal name, address, telephone number, and federal employer identification number are:

Acorda Therapeutics,
Inc. 420 Saw Mill River
Road Ardsley, NY
10502
Telephone: (914) 347-4300
EIN: 13-3831168

The plan administrator's name, address and telephone number are:

Acorda Therapeutics, Inc.
c/o Executive Vice President, Human Resources 420 Saw
Mill River Road
Ardsley, NY 10502
Telephone: (914) 347-4300

EXHIBIT 10.3

ACORDA THERAPEUTICS, INC.

DIRECTORS COMPENSATION POLICY

1. Overview

This Policy shall govern compensation for non-employee Directors ("Outside Directors") of the Board of Directors (the "Board") of Acorda Therapeutics, Inc. (the "Company"). Compensation for Outside Directors shall consist of both cash and equity components, in order to align their interests with those of the Company's stockholders.

The Board will review compensation for Outside Directors at least every two years, and will be guided by the recommendations of the Compensation Committee. The Compensation Committee will review director compensation at peer companies as part of its evaluation.

2. Cash Compensation

Each Outside Director shall be paid a cash retainer ("Annual Retainer") each year consisting of a Base Fee and an additional amount(s) based on his/her committee assignment(s), as set forth in Paragraph 5, below. The Annual Retainer shall be paid in equal quarterly installments calculated starting from the date of the Company's Annual Meeting of Stockholders ("Annual Meeting") at which the Outside Director is first elected to the Board. If the Outside Director is elected to the Board other than at an Annual Meeting, the Annual Retainer shall be paid on a pro rata basis from the date of such election until the date of the next Annual Meeting. Upon an Outside Director's termination of membership on the Board, no further Annual Retainer payments shall be due.

3. Equity Compensation

a. Initial Grant. Each Outside Director shall receive, upon his/her first election to the Board, an initial grant (the "Initial Grant") of 20,000 options for shares of the Company's common stock. The date of the Initial Grant shall be the date of the Annual Meeting at which the Outside Director is first elected to the Board or, if the Outside Director is elected to the Board other than at an Annual Meeting, the date of such election. The exercise price of the options shall be the closing price of the Company's common stock on the Nasdaq National Market on the date of grant of the options. Options shall vest over a 12 month period in equal quarterly installments, effective immediately upon grant and subject to continued service as an Outside Director. The term of each option shall be ten years from the date the option is granted.

Upon an Outside Director's termination of membership on the Board, all vested options shall remain exercisable for twelve months (or such longer period as the Board may determine in its discretion on or after the date of grant of such option, to the extent consistent with Section 409A of the Internal Revenue Code). In the event that an Outside Director leaves the Board before the end of a quarter, options attributable to that quarter shall vest on the last date of service on the Board on a pro rata basis for that quarter. All unvested options shall be cancelled as of the last date of service on the Board.

b. Annual Grant. Beginning at the Annual Meeting following his or her election to the Board, each Outside Director shall receive an annual grant (the "Annual Grant") of 10,000 options for

shares of the Company's common stock. If an Outside Director was elected to the Board other than at an Annual Meeting, his or her first Annual Grant shall begin on the first anniversary of the date of such election and the number of options shall be pro-rated from that date until the next Annual Meeting. The exercise price of the options shall be the closing price of the Company's common stock on the Nasdaq National Market on the date of grant of the options. Options shall vest over a 12 month period in equal quarterly installments, effective immediately upon grant and subject to continued service as an Outside Director. The term of each option shall be ten years from the date the option is granted.

Upon an Outside Director's termination of membership on the Board, all vested options shall remain exercisable for twelve months (or such longer period as the Board may determine in its discretion on or after the date of grant of such option, to the extent consistent with Section 409A of the Internal Revenue Code). In the event that an Outside Director leaves the Board before the end of a quarter, options attributable to that quarter shall vest on the last date of service on the Board on a pro rata basis for that quarter. All unvested options shall be cancelled as of the last date of service on the Board.

4. Expense Reimbursement

Outside Directors shall be entitled to reimbursement of appropriate expenses incurred on the Company's behalf in accordance with the Company's Director Expense Reimbursement Guidelines.

5. Compensation Summary

The amount of the Annual Cash Retainers described above shall be as set forth in the table below. In the event that an Outside Director's position on the Board changes, his/her compensation shall be adjusted accordingly on a pro rata basis.

Position	Annual Cash Retainer
Base Fee (all Directors except Lead Director/Chair)	**$50,000**
Base Fee - Lead Director/Chair	**$100,000**
Audit Committee Chair	**$20,000**
Compensation Committee Chair	**$20,000**
Nomination Committee Chair	**$10,000**
Research & Development Committee Chair	**$12,000**
Audit Committee Member	**$10,000**
Compensation Committee Member	**$10,000**
Nominations & Governance Committee Member	**$6,000**
Research & Development Committee Member	**$7,000**

An Outside Director who serves on more than one committee as a member or chair will be paid a single Base Fee and the amounts applicable to all of his/her committee or chair positions. At least annually, the Board shall review and determine, based on the recommendation of the Compensation Committee, what, if any, compensation shall be paid for chairs and members of

active ad hoc committees not listed above, based upon the expected efforts and contributions of those members.

6. Effective Date.

This Policy is amended effective April 15, 2021.

EXHIBIT 31.1

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Ron Cohen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acorda Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2021

/s/ Ron Cohen

Ron Cohen
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION BY THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Robert Morales, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Acorda Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2021

/s/ Robert Morales

Robert Morales
Vice President, Finance and Controller, and interim principal financial and accounting officer (Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Acorda Therapeutics, Inc. (the "Company") for the fiscal quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ron Cohen, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Ron Cohen
Ron Cohen
Chief Executive Officer
(Principal Executive Officer)
May 12, 2021

[A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Acorda Therapeutics, Inc. and will be retained by Acorda Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Acorda Therapeutics, Inc. (the "Company") for the fiscal quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Morales, Vice President, Finance and Controller, and interim principal financial and accounting officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert Morales
Robert Morales
Vice President, Finance and Controller and
interim principal financial and accounting officer
(Principal Financial Officer)
May 12, 2021

[A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Acorda Therapeutics, Inc. and will be retained by Acorda Therapeutics, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]