

MERRIMACK PHARMACEUTICALS INC

Form 10-Q

November 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-35409

Merrimack Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware 04-3210530
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification Number)

One Kendall Square, Suite B7201

Cambridge, MA 02139
(Address of principal executive offices) (Zip Code)

(617) 441-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of November 4, 2016, there were 129,615,944 shares of Common Stock, \$0.01 par value per share, outstanding.

TABLE OF CONTENTS

PART I

FINANCIAL INFORMATION

	Page
Item <u>Financial Statements.</u>	2
1.	
<u>Condensed Consolidated Balance Sheets – September 30, 2016 and December 31, 2015 (unaudited)</u>	2
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss –Three and Nine Months Ended September 30, 2016 and 2015 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2016 and 2015 (unaudited)</u>	4
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	5
Item <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	18
2.	
Item <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	34
3.	
Item <u>Controls and Procedures.</u>	34
4.	

PART II

OTHER INFORMATION

Item 1A. <u>Risk Factors.</u>	35
Item 5. <u>Other Information.</u>	63
Item 6. <u>Exhibits.</u>	63
<u>Signatures</u>	64
<u>Exhibit Index</u>	65

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

Merrimack Pharmaceuticals, Inc.
Condensed Consolidated Balance Sheets

(in thousands, except per share amounts)	September 30,	December 31,
(unaudited)	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 36,463	\$ 185,606
Marketable securities	12,003	—
Restricted cash	102	101
Accounts receivable, net	22,170	6,483
Inventory	14,770	3,717
Prepaid expenses and other current assets	4,109	5,487
Total current assets	89,617	201,394
Restricted cash	674	584
Property and equipment, net	17,564	21,915
Other assets	27	27
Intangible assets, net	6,922	7,355
Goodwill	3,605	3,605
Total assets	\$ 118,409	\$ 234,880
Liabilities, non-controlling interest and stockholders' deficit		
Current liabilities:		
Accounts payable, accrued expenses and other	\$ 49,699	\$ 52,082
Deferred revenues	36,610	