

MANNKIND CORP
Form 10-Q
May 09, 2018

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, 2018

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: 000-50865

MannKind Corporation

(Exact name of registrant as specified in its charter)

Delaware	13-3607736
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

30930 Russell Ranch Road, Suite 301

Westlake Village, California	91362
(Address of principal executive offices)	(Zip Code)

(818) 661-5000

(Registrant's telephone number, including area code)

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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 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, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of April 24, 2018, there were 140,025,397 shares of the registrant’s common stock, \$0.01 par value per share, outstanding.

MANNKIND CORPORATION

Form 10-Q

For the Quarterly Period Ended March 31, 2018

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PART 1: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MANKIND CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except per share data)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$26,706	\$43,946
Restricted cash	527	4,409
Accounts receivable, net	1,550	2,789
Inventory	3,891	2,657
Deferred costs from commercial product sales	—	405
Prepaid expenses and other current assets	2,354	3,010
Total current assets	35,028	57,216
Property and equipment, net	26,481	26,922
Other assets	368	437
Total assets	\$61,877	\$84,575
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$4,976	\$6,984
Accrued expenses and other current liabilities	15,930	12,449
Facility financing obligation	43,654	52,745
Deferred revenue, net	—	3,038
Deferred payments from collaboration - current	250	250
Recognized loss on purchase commitments - current	15,859	12,131
Total current liabilities	80,669	87,597
Note payable to related party	72,247	79,666
Accrued interest - note payable to related party	3,469	2,347
Senior convertible notes	24,368	24,411
Recognized loss on purchase commitments - long term	96,694	97,585
Deferred payments from collaboration - long term	437	500
Milestone rights liability	7,201	7,201
Total liabilities	285,085	299,307
Commitments and contingencies (Note 12)		
Stockholders' deficit:		
Undesignated preferred stock, \$0.01 par value - 10,000,000 shares authorized;	—	—

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no shares issued or outstanding at March 31, 2018 and December 31, 2017

Common stock, \$0.01 par value - 280,000,000 shares authorized,

126,013,051 and 119,053,414 shares issued and outstanding at

March 31, 2018 and December 31, 2017, respectively	1,260	1,192
Additional paid-in capital	2,658,957	2,638,992
Accumulated other comprehensive loss	(15)	(18)
Accumulated deficit	(2,883,410)	(2,854,898)
Total stockholders' deficit	(223,208)	(214,732)
Total liabilities and stockholders' deficit	\$61,877	\$84,575

See notes to condensed consolidated financial statements.

MANKIND CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Net revenue - commercial product sales	\$3,402	\$1,196
Net revenue - collaboration	63	63
Revenue - other	—	1,750
Total revenues	3,465	3,009
Expenses:		
Cost of goods sold	4,008	2,548
Research and development	2,644	3,129
Selling, general and administrative	20,618	15,389
Loss on foreign currency translation	2,984	1,545
Total expenses	30,254	22,611
Loss from operations	(26,789)	(19,602)
Other (expense) income:		
Change in fair value of warrant liability	—	6,629
Interest income	106	55
Interest expense on notes	(1,794)	(2,706)
Interest expense on note payable to related party	(1,114)	(714)
Loss on extinguishment of debt	(825)	—
Other income (expense)	31	14
Total other (expense) income	(3,596)	3,278
Loss before provision for income taxes	(30,385)	(16,324)
Provision for income taxes	—	—
Net loss	\$(30,385)	\$(16,324)
Net loss per share - basic and diluted	\$(0.25)	\$(0.17)
Shares used to compute basic and diluted net loss per share	120,911	95,744

See notes to condensed consolidated financial statements.

MANKIND CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2018	2017
Net loss	\$(30,385)	\$(16,324)
Other comprehensive income (loss):		
Cumulative translation gain	3	—
Comprehensive loss	\$(30,382)	\$(16,324)

See notes to condensed consolidated financial statements.

MANKIND CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

Three Months
 Ended March 31,
 2018 2017

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(30,385)	\$(16,324)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation, amortization and accretion	706	908
Stock-based compensation expense	1,943	1,267
Loss on extinguishment of debt	825	—
Loss on foreign currency translation	2,984	1,545
Interest on note payable to related party	1,122	714
Change in fair value of warrant liability	—	(6,629)
Write-off of inventory	602	—
Other, net	110	—
Changes in operating assets and liabilities:		
Accounts receivable, net	1,128	(136)
Receivable from Sanofi	—	30,557
Inventory	(1,836)	(1,367)
Deferred costs from commercial product sales	—	(163)
Prepaid expenses and other current assets	656	856
Other assets	38	39
Accounts payable	(2,008)	(1,665)
Accrued expenses and other current liabilities	2,675	1,077
Deferred revenue	—	(1,575)
Deferred payments from collaboration	(63)	(63)
Recognized loss on purchase commitments	(147)	(534)
Net cash (used in) provided by operating activities	(21,650)	8,507
CASH FLOWS FROM INVESTING ACTIVITIES:		