

# MANKIND CORP

## **FORM 8-K** (Current report filing)

Filed 03/16/17 for the Period Ending 03/16/17

Address	25134 RYE CANYON LOOP SUITE 300 VALENCIA, CA 91355
Telephone	6617755300
CIK	0000899460
Symbol	MNKD
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): March 16, 2017**

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**MannKind Corporation**

(Exact name of registrant as specified in its charter)

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

**000-50865**  
(Commission  
File Number)

**13-3607736**  
(IRS Employer  
Identification No.)

**25134 Rye Canyon Loop, Suite 300**  
**Valencia, California**  
(Address of principal executive offices)

**91355**  
(Zip Code)

**Registrant's telephone number, including area code: (661) 775-5300**

**N/A**  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. of Form 8-K):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition**

On March 16, 2017, MannKind Corporation (“MannKind”) issued a press release announcing its financial results for the quarter and full year ended December 31, 2016. A copy of this press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02 and the attached exhibit are being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of MannKind Corporation dated March 16, 2017, reporting MannKind’s financial results for the quarter and year ended December 31, 2016.

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**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 hereunto duly authorized.

Date: March 16, 2017

**MANKIND CORPORATION**

By: /s/ David Thomson

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David Thomson, Ph.D., J.D.

Corporate Vice President, General Counsel and Secretary

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**EXHIBIT INDEX**

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99.1	Press release of MannKind Corporation dated March 16, 2017, reporting MannKind's financial results for the quarter and full year ended December 31, 2016.

**Company Contact :**

Rose Alinaya  
SVP, Finance  
661-775-5300  
[ralinaya@mannkindcorp.com](mailto:ralinaya@mannkindcorp.com)

**MannKind Corporation Reports 2016 Fourth Quarter and Full Year Financial Results****Conference Call to Begin Today at 5:00 PM ET**

VALENCIA, Calif., March 16, 2017 (GLOBE NEWSWIRE) — **MannKind Corporation** (NASDAQ:MNKD) (TASE:MNKD) today reported financial results for the fourth quarter and full year ended December 31, 2016. Key results include:

- Total revenue for the quarter of \$12.4 million, including \$10.2 million from insulin sales to Sanofi, and net income for the fourth quarter of \$54.0 million including \$72.0 million from the extinguishment of debt owed to Sanofi
- Total revenue for 2016 of \$174.8 million, including \$172.0 million in revenue previously deferred from the collaboration with Sanofi, and net income for 2016 of \$125.7 million, compared with a net loss of \$368.4 million for 2015
- Finished 2016 with \$22.9 million of cash and cash equivalents, not including \$30.6 million subsequently received from Sanofi and \$16.7 million subsequently received from sale of surplus building

**Fourth Quarter Results**

For the fourth quarter of 2016, total net revenue of \$12.4 million was comprised primarily of \$10.2 million from the sale of bulk insulin to Sanofi under the terms of the settlement agreement, in addition to \$1.3 million of recognized Afrezza product sales as dispensed to patients. As of December 31, 2016, deferred net revenue included \$1.7 million of Afrezza product shipped to the third-party logistics provider and wholesale distributors, but not yet recognized as revenue.

Research and development expenses were \$1.6 million for the fourth quarter of 2016 compared to \$6.2 million in the fourth quarter of 2015, a decrease of 74.2%, primarily due to \$1.9 million in decreased collaboration development work and \$1.6 million in decreased consulting support for research and development projects.

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Selling, general and administrative expenses were \$15.3 million for the fourth quarter of 2016 compared to \$8.3 million for the same quarter of 2015, an increase of 84.3%, primarily due to \$8.8 million in sales and marketing expense associated with the commercialization of Afrezza, offset by a \$1.8 million decrease in general and administrative costs, mainly due to the effects of the 2015 and 2016 reductions in force.

### **Full Year 2016 Results**

Total net revenue for 2016 of \$174.8 million is comprised primarily of \$172.0 million net revenue previously deferred from the collaboration with Sanofi. Net revenue from commercial product sales by the Company was \$1.9 million, after giving effect to gross to net adjustments on gross revenue of \$2.7 million of Afrezza product dispensed to patients. Commercial product sales commenced in August 2016, after Afrezza transitioned from Sanofi to MannKind. During 2015, there was no recognition of revenue or cost of revenue related to the collaboration.

Research and development costs for 2016 were \$14.9 million compared to \$29.7 million for 2015, a decrease of 49.8%, primarily due to \$6.2 million of reduced expenses associated with the reductions in force, \$3.3 million of decreased facility spending, \$3.1 million in lower project costs, and \$2.1 million of reduced clinical trial costs. These decreases were partially offset by the FDA filing fee of \$1.0 million for the supplemental new drug application submitted in 2016.

Selling, general and administrative expenses for 2016 were \$46.9 million compared to \$41.0 million for 2015, an increase of 14.4%, primarily due to increased costs for the sales and marketing of Afrezza, offset by decreased general and administrative expenses. Sales and marketing expenses were \$19.8 million for 2016 compared to \$1.6 million for 2015. General and administrative expenses for 2016 were \$27.1 million compared to \$39.4 million in 2015, a decrease of 31.2%, primarily due to decreased costs associated with the effects of the reductions in force of \$9.0 million, \$1.7 million in decreased professional fees and \$1.7 million in reduced facility spending.

The \$72.0 million gain from extinguishment of debt in 2016 resulted from the forgiveness of the full outstanding loan balance of the Sanofi Loan Facility as part of the settlement agreement with Sanofi.

Net income for 2016 was \$125.7 million, or \$1.37 net income per share, compared to the net loss of \$368.4 million, or \$4.54 net loss per share in 2015.

On March 1, 2017, following stockholder approval of the Reverse Split Proposal, the Company's board of directors approved a reverse stock split of the Company's common stock at a ratio of 1-for-5. On March 1, 2017, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment of its Amended and Restated Certificate to (i) implement a one-for-five reverse stock split of the Company's outstanding common stock and (ii) reduce the authorized number of shares of the Company's common stock from 700 million to 140 million shares. As a result, all common stock share amounts included in this release were retroactively reduced by a factor of five and all common stock per share amounts were increased by a factor of five.

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Cash and cash equivalents at December 31, 2016 were \$22.9 million, compared to \$35.5 million at the end of the third quarter of 2016. During the fourth quarter of 2016, cash receipts were \$10.2 million from the sale of insulin to Sanofi, \$4.8 million from shipments of Afrezza, \$2.2 million from sales of insulin to a third party and \$1.1 million from the collaboration with Receptor. Currently, \$30.1 million remains available to borrow under the amended loan arrangement with The Mann Group.

### **Conference Call**

MannKind will host a conference call and presentation webcast to discuss these results today at 5:00 p.m. Eastern Time. To view and listen to the earnings call webcast, visit MannKind's website at <http://www.mannkindcorp.com> and click on the "Q4 2016 MannKind Earnings Conference Call" link in the Webcast section of News & Events. To participate in the live call by telephone, please dial (888) 771-4371 or (847) 585-4405 and use the participant passcode: 44096370.

A telephone replay will be accessible for approximately 14 days following completion of the call by dialing (888) 843-7419 or (630) 652-3042 and use the participant passcode: 4409 6370#. A replay will also be available on MannKind's website for 14 days.

### **About MannKind Corporation**

MannKind Corporation (NASDAQ and TASE: MNKD) focuses on the discovery, development and commercialization of therapeutic products for patients with diseases such as diabetes. MannKind maintains a website at <http://www.mannkindcorp.com> to which MannKind regularly posts copies of its press releases as well as additional information about MannKind. Interested persons can subscribe on the MannKind website to e-mail alerts that are sent automatically when MannKind issues press releases, files its reports with the Securities and Exchange Commission or posts certain other information to the website.

### **Forward-Looking Statements**

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding MannKind's ability to directly commercialize pharmaceutical products. Words such as "believes", "anticipates", "plans", "expects", "intend", "will", "goal", "potential" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon the MannKind's current expectations. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, the ability to generate significant product sales for MannKind, MannKind's ability to manage its existing cash resources or raise additional cash resources, stock price volatility and other risks detailed in MannKind's filings with the Securities and Exchange Commission, including the



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Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent periodic reports on Form 10-Q and current reports on Form 8-K. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. All forward-looking statements are qualified in their entirety by this cautionary statement, and MannKind undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this press release.

**MannKind Corporation**  
**Condensed Consolidated Statements of Operations**  
**(Unaudited)**  
(In thousands, except per share amounts)

	Three months ended December 31,		Twelve months ended December 31,	
	2016	2015	2016	2015
<b>Revenue:</b>				
Net revenue – collaboration	\$ 10,184	\$ —	\$ 171,965	\$ —
Net revenue – commercial product sales	1,322	—	1,895	—
Revenue – bulk insulin sales	898	—	898	—
Total net revenue	<u>12,404</u>	<u>—</u>	<u>174,758</u>	<u>—</u>
<b>Expenses:</b>				
Cost of revenue — collaboration	10,230	—	32,971	—
Cost of goods sold	1,553	49,057	17,121	64,745
Research and development	1,559	6,218	14,917	29,674
Selling, general and administrative	15,333	8,311	46,928	40,960
Property and equipment impairment	1,259	140,412	1,259	140,412
(Gain) loss on foreign currency translation	(3,433)	2,697	(3,433)	2,697
(Gain) loss on purchase commitments	(2,265)	66,167	(2,265)	66,167
Total expenses	<u>24,236</u>	<u>272,862</u>	<u>107,498</u>	<u>344,655</u>
Income (loss) from operations	(11,832)	(272,862)	67,260	(344,655)
<b>Other income (expense):</b>				
Change in fair value of warrant liability	(2,510)	—	5,369	—
Interest income	15	10	85	18
Interest expense on notes	(3,010)	(3,331)	(15,576)	(21,231)
Interest expense on note payable to principal stockholder	(729)	(729)	(2,901)	(2,894)
Gain (loss) on extinguishment of debt	72,024	—	72,024	(1,049)
Other income (expense)	18	(106)	(597)	1,366
Net income (loss)	<u>\$ 53,976</u>	<u>\$(277,018)</u>	<u>\$ 125,664</u>	<u>\$(368,445)</u>
Net income (loss) per share — basic	<u>\$ 0.56</u>	<u>\$ (3.30)</u>	<u>\$ 1.37</u>	<u>\$ (4.54)</u>
Net income (loss) per share — diluted	<u>\$ 0.56</u>	<u>\$ (3.30)</u>	<u>\$ 1.36</u>	<u>\$ (4.54)</u>
Shares used to compute basic net income (loss) per share	<u>95,676</u>	<u>83,862</u>	<u>92,053</u>	<u>81,233</u>
Shares used to compute diluted net income (loss) per share	<u>96,510</u>	<u>83,862</u>	<u>92,085</u>	<u>81,233</u>

**MannKind Corporation**  
**Condensed Consolidated Balance Sheets**  
**(Unaudited)**  
(In thousands)

	December 31, 2016	December 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 22,895	\$ 59,074
Accounts receivable	302	—
Receivable from Sanofi	30,557	23
Inventory	2,331	—
Asset held for sale	16,730	—
Deferred costs from commercial product sales	309	—
Deferred costs from collaboration	—	13,539
Prepaid expenses and other current assets	4,364	4,018
Total current assets	<u>77,488</u>	<u>76,654</u>
Property and equipment — net	28,927	48,749
Other assets	648	1,009
Total assets	<u>\$ 107,063</u>	<u>\$ 126,412</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities		
Accounts payable	\$ 3,263	\$ 15,599
Accrued expenses and other current liabilities	7,937	7,929
Facility financing obligation	71,339	74,582
Deferred revenue — net	3,419	—
Deferred payments from collaboration	1,000	140,231
Deferred sales from collaboration	—	17,503
Recognized loss on purchase commitments — current	5,093	12,475
Total current liabilities	<u>92,051</u>	<u>268,319</u>
Note payable to principal stockholder	49,521	49,521
Accrued interest — note payable to principal stockholder	9,281	6,380
Senior convertible notes	27,635	27,613
Sanofi loan facility and loss share obligation	—	62,371
Recognized loss on purchase commitments — long term	95,942	53,692
Warrant liability	7,381	—
Milestone rights liability and other liabilities	8,845	8,845
Total liabilities	<u>290,656</u>	<u>476,741</u>
Total stockholders' deficit	<u>(183,593)</u>	<u>(350,329)</u>
Total liabilities and stockholders' deficit	<u>\$ 107,063</u>	<u>\$ 126,412</u>

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