

MANKIND CORP

FORM 8-K (Current report filing)

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

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event Reported): May 10, 2017

MannKind Corporation

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-50865
(Commission File Number)

13-3607736
(I.R.S. Employer Identification Number)

25134 Rye Canyon Loop Suite 300, Valencia, California 91355
(Address of Principal Executive Offices) (Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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.

Item 2.02. Results of Operations and Financial Condition.

On May 10, 2017, the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

Exhibit 99.1. Press release dated May 10, 2017

SIGNATURE

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.

MannKind Corporation

Date: May 10, 2017

By: /s/ David Thomson, Ph.D., J.D.

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

Corporate Vice President, General Counsel and Secretary

MannKind Corporation Reports 2017 First Quarter Financial Results

Conference Call to Begin Today at 5:00 PM ET

VALENCIA, Calif., May 10, 2017 (GLOBE NEWSWIRE) -- **MannKind Corporation** (NASDAQ:MNKD) (TASE:MNKD) today reported financial results for the first quarter ended March 31, 2017. Key results include:

- Total revenue for the quarter of \$3.0 million
- Deferred revenue of \$1.8 million as of March 31, 2017
- Net loss for the quarter of \$16.3 million
- Cash and cash equivalents of \$48.0 million at March 31, 2017

First Quarter Results

For the first quarter of 2017, total net revenue of \$3.0 million was comprised of \$1.8 million from the sale of surplus bulk insulin to a third party and \$1.2 million of recognized Afrezza product sales as dispensed to patients. As of March 31, 2017, deferred net revenue included \$1.8 million of Afrezza product shipped to the third-party logistics provider and wholesale distributors, but not yet recognized as revenue.

Cost of goods sold was \$2.5 million in the first quarter of 2017 compared to \$5.2 million in the first quarter of 2016, a decrease of approximately \$2.7 million or 52%, due primarily to a \$0.7 million decrease in under-absorbed labor and overhead as a result of the reduction in work force, \$0.3 million related to the revaluation of inventory and deferred costs of commercial sales, and a reduction of \$1.9 million for capitalized costs related to the manufacturing of Afrezza that has not yet been sold in 2017. These decreases are partially offset by \$0.3 million of cost of goods sold attributed to commercial product sales which consist of manufacturing costs for Afrezza dispensed to patients.

Research and development expenses were \$3.1 million in the first quarter of 2017 compared to \$5.1 million in the first quarter of 2016, a decrease of \$2.0 million or 39%, due primarily to a decrease in personnel costs including related stock compensation expense of \$2.2 million resulting from reductions in staff and decreases in outsourced services of \$0.4 million. These decreases were partially offset by \$0.5 million in clinical trial costs.

Selling, general and administrative expenses were \$15.4 million for the first quarter of 2017 compared to \$7.4 million for the same quarter of 2016, an increase of \$8.0 million or 108%. Our former partner was responsible for selling activities in the first quarter of 2016. G&A expenses increased \$0.3 million for the first quarter of 2017 as compared to the same quarter of 2016, primarily due to increased spending on regulatory activities associated with Afrezza.

The net loss for the first quarter of 2017 was \$16.3 million, or \$0.17 per share based on 95.7 million weighted average shares outstanding, compared to the net loss of \$24.9 million, or \$0.29 per share on 85.8 million weighted average shares outstanding in the first quarter of 2016. The number of common shares outstanding at March 31, 2017 was 95.8 million.

Cash and cash equivalents at March 31, 2017 were \$48.0 million, compared to \$22.9 million at the end of 2016. During the first quarter of 2017, we received \$30.6 million from Sanofi, pursuant to the settlement of the insulin put option, \$16.7 million from the sale of a surplus building, and \$2.1 million from shipments of Afrezza. 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 "Q1 2017 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: 44096372.

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 6372#. A replay will also be available on MannKind's website for 14 days.

About MannKind Corporation

MannKind Corporation (NASDAQ:MNKD) (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 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.

(Unaudited)
(In thousands, except per share data)

	Three Months Ended March 31,	
	2017	2016
Revenues:		
Net revenue - collaboration	\$ 63	\$ --
Net revenue - commercial product sales	1,196	--
Revenue - bulk insulin sales	1,750	--
	<u>3,009</u>	<u>--</u>
Expenses:		
Cost of goods sold	2,548	5,168
Research and development	3,129	5,130
Selling, general and administrative	15,389	7,351
Loss on foreign currency translation	1,545	2,364
Total expenses	<u>22,611</u>	<u>20,013</u>
Loss from operations	<u>(19,602)</u>	<u>(20,013)</u>
Other income (expense):		
Change in fair value of warrant liability	6,629	--
Interest income	55	15
Interest expense on notes	(2,706)	(4,221)
Interest expense on note payable to principal stockholder	(714)	(721)
Other income	14	67
Total other income (expense)	<u>3,278</u>	<u>(4,860)</u>
Loss before benefit for income taxes	(16,324)	(24,873)
Income tax benefit	--	--
Net loss	<u>\$ (16,324)</u>	<u>\$ (24,873)</u>
Net loss per share - basic and diluted	<u>\$ (0.17)</u>	<u>\$ (0.29)</u>
Shares used to compute basic and diluted net loss per share	<u>95,744</u>	<u>85,772</u>

MANKIND CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except par value and share data)

	March 31, 2017		December 31, 2016	
ASSETS				
Current assets:				
Cash and cash equivalents	\$	47,978	\$	22,895
Accounts receivable, net		438		302
Receivable from Sanofi		--		30,557
Inventory		3,698		2,331
Asset held for sale		--		16,730
Deferred costs from commercial product sales		472		309
Prepaid expenses and other current assets		3,508		4,364
Total current assets		<u>56,094</u>		<u>77,488</u>

Property and equipment - net	28,482	28,927
Other assets	609	648
Total assets	<u>\$ 85,185</u>	<u>\$ 107,063</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Accounts payable	\$ 1,519	\$ 3,263
Accrued expenses and other current liabilities	10,657	7,937
Facility financing obligation	71,795	71,339
Deferred revenue - net	1,844	3,419
Deferred payments from collaboration - current	250	1,000
Recognized loss on purchase commitments - current	6,984	5,093
Total current liabilities	<u>93,049</u>	<u>92,051</u>
Note payable to principal stockholder	49,521	49,521
Accrued interest - note payable to principal stockholder	9,995	9,281
Senior convertible notes	27,642	27,635
Recognized loss on purchase commitments - long term	95,062	95,942
Deferred payments from collaboration - long term	687	--
Warrant liability	752	7,381
Milestone rights liability and other liabilities	7,202	8,845
Total liabilities	<u>283,910</u>	<u>290,656</u>

Commitments and contingencies (Note 10)

Stockholders' deficit:

Undesignated preferred stock, \$0.01 par value - 10,000,000 shares authorized; no shares issued or outstanding at March 31, 2017 and December 31, 2016	--	--
Common stock, \$0.01 par value - 140,000,000 shares authorized, 95,776,297 and 95,680,831 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	958	957
Additional paid-in capital	2,554,230	2,553,039
Accumulated other comprehensive loss	(24)	(24)
Accumulated deficit	(2,753,889)	(2,737,565)
Total stockholders' deficit	<u>(198,725)</u>	<u>(183,593)</u>
Total liabilities and stockholders' deficit	<u>\$ 85,185</u>	<u>\$ 107,063</u>

Company Contact:

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