# ARENA PHARMACEUTICALS INC

## FORM 8-K
(Current report filing)

Filed 08/07/17 for the Period Ending 08/07/17

| | |
|---|---|
| Address | 6154 NANCY RIDGE DRIVE |
| | SAN DIEGO, CA 92121 |
| Telephone | 858-453-7200 |
| CIK | 0001080709 |
| Symbol | ARNA |
| 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): August 7, 2017**

# Arena Pharmaceuticals, Inc.

**(Exact name of Registrant as Specified in Its Charter)**

| **Delaware** | **000-31161** | **23-2908305** |
|---|---|---|
| **(State or Other Jurisdiction of Incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |
| **6154 Nancy Ridge Drive, San Diego, CA** | | **92121** |
| **(Address of Principal Executive Offices)** | | **(Zip Code)** |

**Registrant's Telephone Number, Including Area Code: (858) 453-7200**

**Not Applicable**
**(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 (see General Instructions A.2. below):

☐ 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 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

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. ☐

In this report, “Arena Pharmaceuticals,” “Arena,” “Company,” “we,” “us” and “our” refer to Arena Pharmaceuticals, Inc., and/or one or more of our wholly owned subsidiaries, unless the context otherwise provides. Arena Pharmaceuticals® and Arena® are regist ered service marks of Arena Pharmaceuticals, Inc.

**Item 2.02 R e sults of O perat i o n s and Financial Con d itio n .**

On August 7, 2017, we issued a press release report i ng our f i n a nc i al resul t s for t he second quar t er ended June 30, 2017. The f u ll t ext of the press re l ease is furnished as E x hi b it 99.1 t o th i s Current Rep o rt on Form 8-K.

**Item 9.01 Financi a l Statements and Exh i b i ts. (d) E xhibits.**

99.1 Press release issued August 7, 2017, rep o r t i n g f ina n c ia l res u lt s fo r th e second q ua r te r en d ed June 3 0, 2 0 17

**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.

Date: August 7, 2017

Arena Pharmaceuticals, Inc.

By: /s/ Amit Munshi
Amit Munshi
President and Chief Executive Officer

**Exhibit Index**

| Exhibit Number | Description |
|---|---|
| 99.1 | Press release issued August 7, 2017, reporting financial results for the second quarter ended June 30, 2017 |

**Exhibit 99.1**

# Arena Pharmaceuticals Provides Corporate Update and Reports Second Quarter 2017 Financial Results

*- Achieved Positive Phase 2 Results for Ralinepag in July, Phase 3 Preparations Underway*
*- Clinical Results from Additional Phase 2 Programs Expected Over the Next Several Quarters*

SAN DIEGO, August 7, 2017 -- Arena Pharmaceuticals, Inc. (Nasdaq: ARNA), a biopharmaceutical company focused on developing novel, small molecule drugs across multiple therapeutic areas, today provided a corporate update and reported financial results for the second quarter ended June 30, 2017.

"We are excited about the continued transformation of Arena in the past quarter, punctuated by the significant results achieved in the Phase 2 trial of ralinepag," said Amit Munshi, President and CEO of Arena. "With preparations underway for an end of Phase 2 meeting with the FDA for ralinepag, as well as multiple clinical data readouts from our other pipeline programs expected over the next several quarters, we are excited about the opportunity to continue driving shareholder value."

***Pipeline Update***

**Ralinepag – oral, selective, next generation IP receptor agonist targeting the prostacyclin pathway for the potential treatment of pulmonary arterial hypertension**

- In May, completed a pharmacokinetic and pharmacodynamic study comparing current twice-daily formulation with a new once-daily formulation in healthy volunteers
- In July, achieved positive Phase 2 results for ralinepag
- Currently preparing for end of Phase 2 meeting with the FDA; Phase 3 clinical program preparations underway

**Etrasimod – orally available next generation sphingosine-1-phosphate (S1P) receptor modulator for the potential treatment of a number of autoimmune diseases**

- Phase 2 study in ulcerative colitis - data readout expected around year-end 2017 to Q1 2018
- Exploratory Phase 2 studies currently enrolling patients
    - Phase 2 study in dermatological extraintestinal manifestations in patients with inflammatory bowel disease
    - Phase 2 study in pyoderma gangrenosum
- Phase 2 study in primary biliary cholangitis
    - Expected to initiate in 2017

**APD371 – orally available full agonist of the cannabinoid-2 receptor for the potential treatment of visceral pain, specifically pain associated with Crohn's disease**

- Phase 2 trial currently enrolling patients - data readout expected around year-end 2017 to Q1 2018

***Corporate Update***

- Appointed Jennifer Jarrett to the Company's Board of Directors

***Financial Update***

**Second Quarter 2017 Financial Results**

- Revenues totaled $6.5 million, including $2.1 million in net product sales of BELVIQ, $1.8 million in manufacturing support payments from Eisai, and approximately $1.9 million of revenue associated with upfront payments from Boehringer Ingelheim and Axovant collaborations
- Research and development expenses totaled $17.9 million
- General and administrative expenses totaled $7.2 million
- Net loss was $23.6 million, or $0.77 per share

In June 2017, the Company completed a 1-for-10 reverse stock split. All per-share figures in this update, including in the attached tables, have been adjusted to account for the impact of the reverse stock split.

At June 30, 2017, cash and cash equivalents totaled $130.8 million, and approximately 31.8 million shares of Arena common stock were outstanding. This does not include the $162.0 million in net proceeds received through July 28, 2017, for issuing and selling approximately 7 million shares of common stock under an equity financing.

**Conference Call & Webcast Information**

The Company will host a conference call and live webcast with the investment community today, Monday, August 7, 2017, at 4:30 p.m. ET to discuss the financial results and provide a corporate update.

When: August 7, 2017, 4:30 p.m. ET
Dial-in: (877) 643-7155 (United States) or (914) 495-8552 (International)
Conference ID: 60106084

Please join the conference call at least 10 minutes early to register.

You can access the live webcast under the investor relations section of Arena’s website at: www.arenapharm.com. A replay of the conference call will be archived under the investor relations section of Arena’s website for 30 days shortly after the call.

**About Arena Pharmaceuticals**

Arena Pharmaceuticals is a biopharmaceutical company focused on developing novel, small molecule drugs with optimized receptor pharmacology designed to deliver broad clinical utility across multiple therapeutic areas. Our proprietary pipeline includes potentially first- or best-in-class programs for which we own global commercial rights. Our three most advanced investigational clinical programs are ralinepag (APD811) which has completed a Phase 2 trial for pulmonary arterial hypertension (PAH), etrasimod (APD334) in Phase 2 evaluation for multiple autoimmune indications, and APD371 in Phase 2 evaluation for the treatment of pain associated with Crohn's disease. In addition, Arena has collaborations with the following pharmaceutical companies: Eisai Co., Ltd. and Eisai Inc. (commercial stage), Axovant Sciences (Phase 2 candidate), and Boehringer Ingelheim International GmbH (preclinical candidate).

**Forward-Looking Statements**

Certain statements in this press release are forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as “will”, “may”, “expect”, “potential” and similar words, and include, without limitation, statements about the significance of clinical data, shareholder value creation, advancement of our pipeline, expected results, anticipated data readouts, planned meetings with the FDA, timing relating to ongoing or intended clinical trials, patient enrollment in ongoing or intended clinical trials, and Arena’s focus, goals, strategy and clinical

programs. For such state ments, Arena claims the protection of the Private Securities Litigation Reform Act of 1995. Actual events or results may differ materially from Arena's expectations. Factors that could cause actual results to differ materially from the forward-looking stat ements include, but are not limited to, the following: the timing and outcome of research, development and regulatory review is uncertain; enrolling patients in our ongoing and intended clinical trials is competitive and challenging; we expect to need add itional funds to advance all of our programs, and you and others may not agree with the manner we allocate our resources; our drug candidates may not advance in development or be approved for marketing; risks related to developing and commercializing drugs ; the risk that Arena's revenues are based in part on estimates, judgment and accounting policies, and incorrect estimates or disagreement regarding estimates or accounting policies may result in changes to Arena's guidance or previously reported results; government and third-party payor actions, including relating to reimbursement and pricing; risks related to relying on collaborative arrangements; the entry into or modification or termination of collaborative arrangements; unexpected or unfavorable new da ta; nonclinical and clinical data are voluminous and detailed, and regulatory agencies may interpret or weigh the importance of data differently and reach different conclusions than Arena or others, request additional information, have additional recommend ations or change their guidance or requirements before or after approval; topline data may not accurately reflect the complete results of a particular study or trial; Arena's and third parties' intellectual property rights; results of clinical trials and o ther studies are subject to different interpretations and may not be predictive of future results; clinical trials and other studies may not proceed at the time or in the manner expected or at all; and satisfactory resolution of litigation or other disagre ements with others. Additional factors that could cause actual results to differ materially from those stated or implied by Arena's forward-looking statements are disclosed in Arena's filings with the Securities and Exchange Commission. These forward-looki ng statements represent Arena's judgment as of the time of this release. Arena disclaims any intent or obligation to update these forward-looking statements, other than as may be required under applicable law.

**Corporate Contact:**
Kevin R. Lind
Arena Pharmaceuticals, Inc.
Executive Vice President and
Chief Financial Officer
klind@arenapharm.com
858.210.3636

**Media Contact:**
Matt Middleman, M.D.
LifeSci Public Relations
matt.middleman@lifescipublicrelations.com
646.627.8384

**(Tables Follow)**

**Arena Pharmaceuticals, Inc.**
**Condensed Consolidated Statements of Operations**
(In thousands, except per share amounts)
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (unaudited) | | (unaudited) | |
| **Revenues** | | | | |
| Net product sales | $ 2,059 | $ 4,263 | $ 4,770 | $ 7,781 |
| Other Eisai collaborative revenue | 1,781 | 1,975 | 3,316 | 5,201 |
| Other collaborative revenue | 1,898 | 2,249 | 3,558 | 4,329 |
| Toll manufacturing | 754 | 1,025 | 1,472 | 2,048 |
| Total revenues | 6,492 | 9,512 | 13,116 | 19,359 |
| **Operating Costs & Expenses** | | | | |
| Cost of product sales | 1,497 | 851 | 4,029 | 3,279 |
| Cost of toll manufacturing | 1,074 | 1,758 | 1,993 | 2,946 |
| Research & development | 17,922 | 18,546 | 33,433 | 37,048 |
| General & administrative | 7,236 | 8,465 | 15,400 | 15,389 |
| Restructuring charges | — | 6,115 | — | 6,115 |
| Total operating costs & expenses | 27,729 | 35,735 | 54,855 | 64,777 |
| **Interest & Other Income (Expense)** | | | | |
| Interest income | 16 | 105 | 50 | 193 |
| Interest expense | (1,538) | (1,619) | (3,108) | (3,298) |
| Other | (857) | 554 | (1,316) | (208) |
| Total interest & other income (expense), net | (2,379) | (960) | (4,374) | (3,313) |
| Net loss | (23,616) | (27,183) | (46,113) | (48,731) |
| Less net loss attributable to noncontrolling interest in consolidated variable interest entity | 299 | — | 743 | — |
| Net income (loss) attributable to stockholders of Arena | $ (23,317) | $ (27,183) | $ (45,370) | $ (48,731) |
| Net income (loss) attributable to stockholders of Arena per share: | | | | |
| Basic | $ (0.77) | $ (1.12) | $ (1.66) | $ (2.01) |
| Diluted | $ (0.77) | $ (1.12) | $ (1.66) | $ (2.01) |
| Shares used in calculating net loss attributable to stockholders of Arena per share: | | | | |
| Basic | 30,229 | 24,308 | 27,371 | 24,298 |
| Diluted | 30,229 | 24,308 | 27,371 | 24,298 |

**Arena P harmaceuticals, Inc.**
**Condensed Consolidated Balance Sheet Data**
(In thousands)
(unaudited)

| | June 30, 2017 | December 31, 2016 [1] |
|---|---|---|
| **Assets** | | |
| Cash & cash equivalents | $ 130,763 | $ 90,712 |
| Accounts receivable | 2,404 | 20,162 |
| Inventory | 7,058 | 6,708 |
| Prepaid expenses & other current assets | 3,373 | 2,307 |
| Land, property & equipment, net | 40,997 | 43,828 |
| Intangibles & other non-current assets | 4,770 | 5,293 |
| Total assets | $ 189,365 | $ 169,010 |
| **Liabilities & Stockholders' Equity** | | |
| Accounts payable & accrued liabilities | $ 9,913 | $ 25,073 |
| Total deferred revenues | 32,442 | 37,455 |
| Total lease financing obligations & other long-term liabilities | 64,487 | 66,087 |
| Total stockholders' equity | 82,523 | 40,395 |
| Total liabilities & stockholders' equity | $ 189,365 | $ 169,010 |

[1] The Condensed Consolidated Balance Sheet Data has been derived from the audited financial statements as of that date.

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