

MERRIMACK PHARMACEUTICALS INC
Form 10-Q
November 07, 2018

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, 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: 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 02139

Edgar Filing: MERRIMACK PHARMACEUTICALS INC - Form 10-Q

Cambridge, MA
(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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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	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 Exchange Act). Yes No

As of November 1, 2018, there were 13,342,784 shares of Common Stock, \$0.01 par value per share, outstanding.

TABLE OF CONTENTS

PART I

FINANCIAL INFORMATION

	Page
Item 1. <u>Financial Statements.</u>	2
<u>Condensed Consolidated Balance Sheets – September 30, 2018 and December 31, 2017 (unaudited)</u>	2
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) – Three and Nine Months Ended September 30, 2018 and 2017 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2018 and 2017 (unaudited)</u>	4
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	5
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	24
Item 4. <u>Controls and Procedures.</u>	25

PART II

OTHER INFORMATION

Item 1A. <u>Risk Factors.</u>	26
Item 5. <u>Other Information.</u>	52
Item 6. <u>Exhibits.</u>	53

Signatures

54

i

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

Merrimack Pharmaceuticals, Inc.
Condensed Consolidated Balance Sheets

(unaudited)

	September 30,	December 31,
(in thousands, except per share amounts)	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 49,794	\$ 93,441
Marketable securities	35,052	—
Restricted cash	584	—
Prepaid expenses and other current assets	1,837	1,605
Total current assets	87,267	95,046
Restricted cash	—	674
Property and equipment, net	3,188	6,467
Equity method investment	8,893	10,551
Other assets	4,568	4,588
Total assets	\$ 103,916	\$ 117,326
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable, accrued expenses and other	\$ 19,049	\$ 17,606
Accrued intraperiod tax allocation	1,340	—
Deferred rent	1,676	2,171
Total current liabilities	22,065	19,777