

# MEI Pharma Reports Fiscal Third-Quarter 2020 Results and Recent Corporate Highlights

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SAN DIEGO, May 7, 2020 /PRNewswire/ -- MEI Pharma, Inc. (NASDAQ: MEIP) ("MEI"), a late-stage pharmaceutical company focused on advancing new therapies for cancer, today reported results for its third quarter ended March 31, 2020 and highlighted recent corporate progress.

"Entering our fiscal fourth quarter, MEI is well positioned as we continue progress across our business, as highlighted by the recent grant of Fast Track designation by FDA for ME-401 and our newly announced global alliance with Kyowa Kirin," said Daniel

P. Gold, Ph.D., president and chief executive officer of MEI Pharma. "These key achievements advance our efforts to optimize ME-401 to benefit patients across multiple B-cell malignancies inside and outside the U.S. and, importantly, the \$100 million upfront payment from Kyowa Kirin helps extend our cash runway through at least 2023, including the ramp-up of MEI's commercial activities and the potential launch of ME-401 in the U.S."

Dr. Gold continued: "With respect to the COVID-19 pandemic, all companies conducting clinical trials are facing a unique and challenging situation, and I'd like to thank all health care workers and other essential workers on the frontlines that are caring for the sick and keeping our society functioning. MEI will continue to be proactive in order to minimize the impact to our business, particularly the ongoing ME-401 TIDAL study. While the situation remains fluid, we will continue to focus on keeping the impact on TIDAL modest as we remain in close contact with all our sites to maintain patients on study and keep enrollment ongoing, even if at a somewhat reduced rate."

## Recent Highlights

- In April 2020, the Company entered a global license, development and commercialization agreement to further develop and commercialize MEI's ME-401.
  - MEI and Kyowa Kirin will co-develop and co-promote ME-401 in the U.S.
    - MEI to book U.S. sales on 50-50 profit and cost sharing.
  - \$100 million in an upfront cash payment to MEI.
  - \$582.5 million in potential development, regulatory and commercial milestones
  - Kyowa Kirin obtains exclusive commercialization rights ex-U.S.
    - MEI to receive escalating tiered royalty payments from mid-teens on ex-U.S. sales.
- In April 2020, Cheryl L. Cohen, former chief commercial officer of Medivation, Inc. and a product launch and commercialization veteran with over 25 years of service in the pharmaceutical and biotechnology industry, joined the Board of Directors.
- In March 2020, the Company was granted Fast Track designation by the U.S. FDA for ME-401 for the treatment of adult patients with relapsed or refractory follicular lymphoma.

## Fiscal Third-Quarter Fiscal Year 2020 Financial Results

- As of March 31, 2020, MEI had \$92.8 million in cash, cash equivalents and short-term investments, with no outstanding debt. Giving effect to the KKC Agreement, our cash, cash equivalents and short-term investments would have been \$192.8 million.
- For the three months ended March 31, 2020, cash used in operations was \$10.3 million, compared to \$11.3 million for the same period in 2019. For the nine months ending March 31, 2020, cash used in operations was \$34.9 million, compared to \$31.4 million for 2019. The increase primarily relates to costs associated with our clinical development programs.
- Research and development expenses were \$9.0 million for the quarter ended March 31, 2020, compared to \$9.1 million for 2019. The decrease was primarily related to decreased drug manufacturing costs associated with ME-401, offset by increased clinical trial costs for the ME-401 TIDAL study and increased personnel and legal patent costs.

- General and administrative expenses were \$3.9 million for the quarter ended March 31, 2020, compared to \$3.6 million for 2019. The increase primarily relates to increased headcount to support our activities.
- Revenue was \$1.2 million for the quarter ended March 31, 2020, compared to revenue of \$1.2 million for the same period in 2019. Revenue resulted from the recognition of fees allocated to research and development activities related to the Helsinn and Kyowa Kirin Japan License Agreements.
- Net loss was \$4.3 million, or \$0.04 per share, for the quarter ended March 31, 2020, compared to net loss of \$17.4 million, or \$0.24 per share for the same period in 2019. Net loss decreased primarily as a result of a non-cash gain in the current quarter and a non-cash expense in the prior quarter related to changes in the fair value of the warrant liability associated with the May 2018 financing. The Company had 105,998,677 shares of common stock outstanding as of March 31, 2020, compared with 71,280,660 shares as of March 31, 2019.
- The adjusted net loss for the quarter ended March 31, 2020, excluding a non-cash gain related to changes in the fair value of the warrants (a non-GAAP measure), was \$12.1 million, compared to an adjusted net loss of \$12.2 million for 2019.

## About MEI Pharma

MEI Pharma, Inc. (Nasdaq: MEIP) is a late-stage pharmaceutical company focused on developing potential new therapies for cancer. Our portfolio of drug candidates contains four clinical-stage assets, including one candidate in an ongoing global Phase 3 registration trial and another candidate in a Phase 2 clinical trial which may support an accelerated approval marketing application with the U.S. Food and Drug Administration. Each of our pipeline candidates leverages a different mechanism of action with the objective of developing therapeutic options that are: (1) differentiated, (2) address unmet medical needs and (3) deliver improved benefit to patients either as standalone treatments or in combination with other therapeutic options. For more information, please visit [www.meipharma.com](http://www.meipharma.com).

## Forward-Looking Statements

*Under U.S. law, a new drug cannot be marketed until it has been investigated in clinical studies and approved by the FDA as being safe and effective for the intended use. Statements included in this press release that are not historical in nature are "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. You should be aware that our actual results could differ materially from those contained in the forward-looking statements, which are based on management's current expectations and are subject to a number of risks and uncertainties, including, but not limited to, our failure to successfully commercialize our product candidates; costs and delays in the development and/or FDA approval, or the failure to obtain such approval, of our product candidates; uncertainties or differences in interpretation in clinical trial results; the impact of the COVID-19 pandemic on our industry and individual companies, including on our counterparties, the supply chain, the execution of our clinical development programs, our access to financing and the allocation of government resources; our inability to maintain or enter into, and the risks resulting from our dependence upon, collaboration or contractual arrangements necessary for the development, manufacture, commercialization, marketing, sales and distribution of any products; competitive factors; our inability to protect our patents or proprietary rights and obtain necessary rights to third party patents and intellectual property to operate our business; our inability to operate our business without infringing the patents and proprietary rights of others; general economic conditions; the failure of any products to gain market acceptance; our inability to obtain any additional required financing; technological changes; government regulation; changes in industry practice; and one-time events. We do not intend to update any of these factors or to publicly announce the results of any revisions to these forward-looking statements.*

<b>MEI PHARMA, INC.</b>		
<b>CONDENSED BALANCE SHEETS</b>		
<b>(In thousands, except per share amounts)</b>		
	<b>March 31, 2020</b>	<b>June 30, 2019</b>
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,438	\$ 9,590
Short-term investments	85,360	64,899
Total cash, cash equivalents and short-term investments	92,798	74,489
Common stock proceeds receivable	-	5,274

Prepaid expenses and other current assets	2,604	2,435
Total current assets	95,402	82,198
Intangible assets, net	235	261
Property and equipment, net	986	204
	\$	\$
Total assets	96,623	82,663
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
	\$	\$
Accounts payable	2,492	4,787
Accrued liabilities	5,287	4,559
Deferred revenue	2,478	4,955
Total current liabilities	10,257	14,301
Deferred revenue, long-term	2,817	2,819
Warrant liability	9,051	17,613
Total liabilities	22,125	34,733
Stockholders' equity:		
Preferred stock, \$0.01 par value; 100 shares authorized; none outstanding	-	-
Common stock, \$0.00000002 par value; 226,000 shares authorized; 105,999 and 73,545 shares issued and outstanding at March 31, 2020 and June 30, 2019, respectively	-	-
Additional paid-in-capital	333,256	279,148
Accumulated deficit	(258,758)	(231,218)
Total stockholders' equity	74,498	47,930
	\$	\$
Total liabilities and stockholders' equity	96,623	82,663

<b>MEI PHARMA, INC.</b>				
<b>CONDENSED STATEMENTS OF OPERATIONS</b>				
<b>(In thousands, except per share amounts)</b>				
<b>(Unaudited)</b>				
	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue	\$ 1,244	\$ 1,249	\$ 3,409	\$ 3,785
Operating expenses:				
Cost of revenue	860	1,163	2,189	3,161
Research and development	8,963	9,071	26,206	24,268
General and administrative	3,864	3,631	12,189	10,853
Total operating expenses	13,687	13,865	40,584	38,282
Loss from operations	(12,443)	(12,616)	(37,175)	(34,497)
Other income (expense):				
Change in fair value of warrant liability	7,732	(5,201)	8,562	13,274
Interest and dividend income	382	462	1,074	1,352
Other income (expense)	-	-	(1)	(1)
Net loss	\$ (4,329)	\$ (17,355)	\$ (27,540)	\$ (19,872)

Net loss:				
Basic	\$ (4,329)	\$ (17,355)	\$ (27,540)	\$ (19,872)
Diluted	\$ (4,329)	\$ (17,355)	\$ (27,540)	\$ (43,309)
Net loss per share:				
Basic	\$ (0.04)	\$ (0.24)	\$ (0.32)	\$ (0.28)
Diluted	\$ (0.04)	\$ (0.24)	\$ (0.32)	\$ (0.60)
Shares used in computing net loss per share:				
Basic	105,999	71,200	85,995	71,069
Diluted	105,999	71,200	85,995	72,011

<b>MEI PHARMA, INC.</b>				
<b>Reconciliation of GAAP Net Loss to Adjusted Net Loss</b>				
<b>(In thousands)</b>				
<b>(Unaudited)</b>				
	<b>Three Months Ended March 31,</b>		<b>Nine Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net loss	\$ (4,329)	\$ (17,355)	\$ (27,540)	\$ (19,872)
Add: Change in fair value of warrant liability	(7,732)	5,201	(8,562)	(13,274)
Adjusted net loss	\$ (12,061)	\$ (12,154)	\$ (36,102)	\$ (33,146)



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