mannkind

MannKind Corporation Reports 2021 First Quarter Financial Results

May 12, 2021

Conference Call to Begin Today at 5:00 PM ET

- 1Q 2021 Total Revenues of \$17.4 million; +7% vs. 1Q 2020
- Received \$230.0 million gross proceeds from 2.5% senior convertible notes
- \$278.3 million of Cash, Cash Equivalents and Investments at March 31, 2021
- Tyvaso DPI™NDA submitted to the FDA by collaboration partner United Therapeutics

WESTLAKE VILLAGE, Calif., May 12, 2021 (GLOBE NEWSWIRE) -- MannKind Corporation (Nasdaq:MNKD) today reported financial results for the quarter ended March 31, 2021.

"We started 2021 by taking advantage of favorable market conditions to strengthen our financial position with the issuance of \$230 million of senior convertible notes, which provides our current and future partners with greater confidence in our company," said Michael Castagna, Chief Executive Officer of MannKind Corporation. "The capital raised allows us to reduce our legacy debt, advance our pipeline and grow Afrezza. In the first quarter of 2021, the underlying demand for paid Afrezza prescriptions grew in the mid-single digits year over year."

Total revenues were \$17.4 million for the first quarter of 2021, an increase of \$1.2 million, or 7%, reflecting Afrezza net revenue of \$8.1 million and collaboration and services revenue of \$9.3 million. Afrezza net revenue increased 1% compared to \$8.0 million in the first quarter of 2020. Collaboration and services revenue for the first quarter of 2021 increased \$1.1 million compared to the first quarter of 2020, primarily due to additional pass-through costs associated with the UT license agreement and the launch of the Vista Pharma Co-promotion Agreement for Thyquidity.

Afrezza gross profit for each of the first quarters of 2021 and 2020 was \$3.8 million. Cost of goods sold increased by \$0.2 million compared to the same period in 2020, which was offset by the increase in net revenues discussed above. Gross margin in the first quarter of 2021 was 47% compared to 48% for the same period in 2020.

Research and development expenses for the first quarter of 2021 were \$2.4 million compared to \$1.8 million for the first quarter of 2020. This increase of \$0.7 million, or 39%, was attributable to personnel costs primarily related to increased headcount for research and development, regulatory and medical affairs.

Selling, general and administrative expenses for the first quarter of 2021 were \$17.4 million compared to \$14.4 million for the first quarter of 2020. This increase of \$3.1 million, or 21%, was primarily due to a \$2.3 million increase in personnel costs primarily related to increased headcount for our Afrezza commercial team, \$0.3 million in patient support services and \$0.3 million in promotional and marketing activities.

For the first quarter of 2021, the gain on foreign currency translation for insulin purchase commitments denominated in Euros was \$3.8 million compared \$1.8 million for the first quarter of 2020. The fluctuation was due to the change in the U.S. dollar to Euro foreign exchange rate. Interest expense on debt for the first quarter of 2021 was \$6.5 million compared to \$2.3 million for the first quarter of 2020. This increase of \$4.1 million was due to a \$3.7 million milestone obligation that was achieved during the quarter and interest expense from the senior convertible notes and the MidCap credit facility.

The net loss for the first quarter of 2021 was \$12.9 million, or \$0.05 per share, compared to a \$9.3 million net loss in the first quarter of 2020, or \$0.04 per share. The increased net loss of \$3.6 million was primarily due to the increase in interest expense, selling, general and administrative expenses, and research and development expense, all of which were partially offset by an increase in the gain on foreign currency translation.

Cash, cash equivalents, and investments at March 31, 2021 were \$278.3 million compared to \$67.0 million at December 31, 2020. The increase in cash, cash equivalents and investments was primarily due to the issuance of \$230.0 million of 2.5% senior convertible notes.

Debt Reductions Subsequent to March 31, 2021

In April 2021, the Company repaid \$35.1 million outstanding principal under the Mann Group non-convertible promissory note plus \$4.9 million of accrued and unpaid interest to the Mann Group. In addition, the Company repaid \$10.0 million outstanding principal under the MidCap credit facility.

Conference Call

MannKind will host a conference call and presentation webcast to discuss these results today at 5:00 p.m. Eastern Time. Those interested in listening to the conference call live via the Internet may do so by visiting the Company's website at <u>www.mannkindcorp.com</u> under Events & Presentations. A replay will be available on MannKind's website for 14 days.

About MannKind Corporation

MannKind Corporation (Nasdaq: MNKD) focuses on the development and commercialization of inhaled therapeutic products for patients with endocrine and orphan lung diseases. MannKind is currently commercializing Afrezza® (insulin human) Inhalation Powder, the Company's first FDA-approved product and the only inhaled ultra rapid-acting mealtime insulin in the United States, where it is available by prescription from pharmacies nationwide. Afrezza is also available by prescription in Brazil where it is commercialized by the Company's partner Biomm SA. MannKind is headquartered in Westlake Village, California, and has a manufacturing and R&D facility in Danbury, Connecticut. The Company also employs field sales and medical representatives across the U.S. For further information, visit www.mannkindcorp.com.

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, 2020 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

Tyvaso DPI is an investigational combination product that is not approved for any use in any country. The Tyvaso DPI tradename is pending final FDA review.

Company Contact: 818-661-5000 ir@mannkindcorp.com

MANNKIND CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited) (In thousands, except share and per share data)

ASSETS ASSETS Current assets: Cash and cash equivalents \$ 247,833 \$ 67,005 Restricted cash 158 158 Short-term investments 3,573 4,218 Inventory 5,050 4,973 Prepaid expenses and other current assets 2,766 3,122 Total current assets 2,886 79,476 Properity and equipment, net 2,8503 3,265 Long-term investments 1,480 Other assets 3,053 3,265 Total assets 3,19,382 \$ 1006,005 Current liabilities: 3,571 4,670 Accrured expenses and other current liabilities 2,75,86 19,707 PPP loan - current 4,670 4,061 Deferred revenue - current 2,580 3,275 Recognized loss on purchase commitments - current 4,274 11,060 Deferred revenue - current liabilities 73,116 73,705 Senior convertible notes 53,453 63,027 Accrured expenses and other current liabilities 5		March 31, 2021		December 31, 2020	
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Long-term investments 1,480 — Other assets 3,053 3,265 Total assets \$ 319,382 \$ 108,608 LIABILITIES AND STOCKHOLDERS' DEFICIT Current liabilities: Accounts payable \$ 6,706 \$ 5,582 Accrued expenses and other current liabilities 27,586 19,707 PPP loan — current 4,670 4,061 Deferred revenue — current 8,274 11,080 Total current liabilities 73,116 73,705 Senior convertible notes 222,855 — MaCGa predit facility 49,406 49,335 Mann Group promissory notes 53,453 63,027 Accrued interest —Mann Group promissory notes 4,753 4,150 PPP loan — long term 203 812 2024 convertible notes — 5,000 Recognized loss on purchase commitments — long term 80,797 84,208 Operating lease liability 669 1,202 5,526 Deferred revenue — long term 1,626 1,626 5,526 </td <td>Total current assets</td> <td></td> <td>288,342</td> <td></td> <td>79,476</td>	Total current assets		288,342		79,476
Other assets 3,053 3,265 Total assets \$ 319,382 \$ 108,608 LIABILITIES AND STOCKHOLDERS' DEFICIT Current liabilities: Accounts payable \$ 6,706 \$ 5,582 Accrued expenses and other current liabilities 27,586 19,707 PPP loan - current 4,670 4,061 Deferred revenue - current 8,274 11,080 Total current liabilities 73,116 73,705 Senior convertible notes 222,855 - MidCap credit facility 49,406 49,335 Mann Group promissory notes 53,453 63,027 Accrued interestMann Group promissory notes 4,753 4,150 PPP loan long term 203 812 2024 convertible notes - 5,000 Recognized loss on purchase commitments long term 80,797 84,208 Operating lease liability 869 1,202 1,626 1,662 Milestone rights liabilities 5,926 5,926 5,926 5,926 5,926 5,926	Property and equipment, net		26,507		25,867
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Senior convertible notes 222,855 — MidCap credit facility 49,406 49,335 Mann Group promissory notes 53,453 63,027 Accrued interest —Mann Group promissory notes 4,753 4,150 PPP loan — long term 203 812 2024 convertible notes — 5,000 Recognized loss on purchase commitments — long term 80,797 84,208 Operating lease liability 869 1,202 Deferred revenue — long term 1,626 1,662 Milestone rights liability 5,926 5,926 Total liabilities 493,004 289,027 Stockholders' deficit: Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020 — — Common stock, \$0.01 par value - 400,000,000 shares authorized; 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively 2,491 2,421 Additional paid-in capital 2,885,946 2,866,303 2,866,303 Accumulated deficit (3,062,059) (3,049,143) (3,049,143) (3,049,143) </td <td>Recognized loss on purchase commitments — current</td> <td></td> <td>8,274</td> <td></td> <td>11,080</td>	Recognized loss on purchase commitments — current		8,274		11,080
MidCap credit facility 49,406 49,335 Mann Group promissory notes 53,453 63,027 Accrued interestMann Group promissory notes 4,753 4,150 PPP loan long term 203 812 2024 convertible notes 5,000 Recognized loss on purchase commitments long term 80,797 84,208 Operating lease liability 869 1,202 Deferred revenue long term 1,626 1,662 Milestone rights liability 5,926 5,926 Total liabilities 493,004 289,027 Stockholders' deficit: Undesignated preferred stock, \$0.01 par value 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020 Common stock, \$0.01 par value 400,000,000 shares authorized; no shares issued Additional paid-in capital 2,885,946 2,865,303 - - - Accumulated deficit (3,062,059) (3,049,143) - - -	Total current liabilities		73,116		73,705
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2024 convertible notes—5,000Recognized loss on purchase commitments — long term80,79784,208Operating lease liability8691,202Deferred revenue — long term1,6261,662Milestone rights liability5,9265,926Total liabilities493,004289,027Stockholders' deficit:Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020, respectively——Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,4912,421Additional paid-in capital2,885,9462,866,3032,866,303Accumulated deficit(3,062,059)(3,049,143)	Accrued interest —Mann Group promissory notes		4,753		4,150
Recognized loss on purchase commitments — long term80,79784,208Operating lease liability8691,202Deferred revenue — long term1,6261,662Milestone rights liability5,9265,926Total liabilities493,004289,027Stockholders' deficit:1,020-Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020-Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,491Additional paid-in capital2,885,9462,866,303Accumulated deficit(3,062,059)(3,049,143)	PPP loan — long term		203		812
Operating lease liability8691,202Deferred revenue — long term1,6261,662Milestone rights liability5,9265,926Total liabilities493,004289,027Stockholders' deficit:Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020—Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,491Additional paid-in capital2,885,9462,866,303Accumulated deficit(3,062,059)(3,049,143)	2024 convertible notes		_		5,000
Deferred revenue — long term1,6261,662Milestone rights liability5,9265,926Total liabilities493,004289,027Stockholders' deficit:Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020—Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,491Additional paid-in capital2,885,9462,866,303Accumulated deficit(3,062,059)(3,049,143)	Recognized loss on purchase commitments — long term		80,797		84,208
Deferred revenue — long term1,6261,662Milestone rights liability5,9265,926Total liabilities493,004289,027Stockholders' deficit:493,004289,027Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020——Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,4912,421Additional paid-in capital2,885,9462,866,3032,866,303Accumulated deficit(3,062,059)(3,049,143)	Operating lease liability		869		1,202
Total liabilities493,004289,027Stockholders' deficit:Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020——Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,4912,421Additional paid-in capital2,885,9462,866,303Accumulated deficit(3,062,059)(3,049,143)			1,626		1,662
Total liabilities493,004289,027Stockholders' deficit:Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020——Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,4912,421Additional paid-in capital2,885,9462,866,303Accumulated deficit(3,062,059)(3,049,143)	Milestone rights liability		5,926		5,926
Stockholders' deficit: Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020 — # <td></td> <td></td> <td>493.004</td> <td></td> <td>289.027</td>			493.004		289.027
Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding as of March 31, 2021 and December 31, 2020—Common stock, \$0.01 par value - 400,000,000 shares authorized, 249,072,677 and 242,117,089 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively2,4912,421Additional paid-in capital2,885,9462,866,303Accumulated deficit(3,062,059)(3,049,143)			/		,-
and outstanding at March 31, 2021 and December 31, 2020, respectively 2,491 2,421 Additional paid-in capital 2,885,946 2,866,303 Accumulated deficit (3,062,059) (3,049,143)	Undesignated preferred stock, \$0.01 par value — 10,000,000 shares authorized; no shares issued or outstanding		_		_
and outstanding at March 31, 2021 and December 31, 2020, respectively 2,491 2,421 Additional paid-in capital 2,885,946 2,866,303 Accumulated deficit (3,062,059) (3,049,143)					
Accumulated deficit (3,062,059) (3,049,143)			2,491		2,421
Accumulated deficit (3,062,059) (3,049,143)	Additional paid-in capital		2,885,946		2,866,303
	Accumulated deficit		(3,062,059)		(3,049,143)
	Total stockholders' deficit		<u>, </u>		<u>,</u> ,

MANNKIND CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited) (In thousands, except per share data)

	Three Months Ended March 31,			
	 2021	2020		
Revenues:				
Net revenue — commercial product sales	\$ 8,099	\$	8,000	
Revenue — collaborations and services	 9,337		8,235	
Total revenues	 17,436		16,235	
Expenses:				
Cost of goods sold	4,315		4,164	
Cost of revenue — collaborations and services	3,295		3,362	
Research and development	2,442		1,755	
Selling, general and administrative	17,413		14,350	
Asset impairment	_		1,521	
Gain on foreign currency translation	 (3,838)		(1,796)	
Total expenses	 23,627		23,356	
Loss from operations	 (6,191)		(7,121)	
Other (expense) income:				
Interest income	3		133	
Interest expense on notes	(5,422)		(1,071)	
Interest expense on Mann Group promissory notes	(1,030)		(1,259)	
Other expense	 (276)		(4)	
Total other expense	 (6,725)		(2,201)	
Loss before provision for income taxes	(12,916)		(9,322)	
Provision for income taxes	 			
Net loss	\$ (12,916)	\$	(9,322)	
Net loss per share - basic and diluted	\$ (0.05)	\$	(0.04)	
Shares used to compute basic and diluted net loss per share	 246,631		212,467	

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Source: MannKind