



MEI Pharma Reports First Quarter Fiscal Year 2021 Results and Operational Highlights

November 10, 2020

SAN DIEGO, Nov. 10, 2020 /PRNewswire/ -- MEI Pharma, Inc. (NASDAQ: MEIP), a late-stage pharmaceutical company focused on advancing new therapies for cancer, today reported results for the quarter ended September 30, 2020.

"As we move through fiscal year 2021, we are well-positioned and well-capitalized to achieve our goals across our pipeline. Importantly, we remain focused on advancing zandelisib toward commercialization with our partner Kyowa Kirin and establishing its potential as an important treatment option in multiple lines of treatment across various B-cell malignancies," said Daniel

P. Gold, Ph.D., president and chief executive officer of MEI Pharma. "Our immediate focus is the completion of enrollment in the TIDAL study evaluating patients with follicular lymphoma, a study intended to support our accelerated approval strategy with FDA. TIDAL enrollment is expected to be completed in the first quarter of 2021 subject, of course, to developments in the global COVID-19 pandemic."

Dr. Gold continued: "Beyond TIDAL we are broadening our development activity for zandelisib, including the addition of a marginal zone arm to TIDAL to support an opportunity for potential expansion of our accelerated approval strategy if successful, the initiation of a Phase 3 study in second line follicular and marginal zone lymphomas sometime in mid-2021, and plans to support select investigator-initiated trials, initially in first-line DLBCL. Additionally, we are continuing ex-U.S. development efforts led by Kyowa Kirin, including the start of the Japan Phase 2 study to support marketing authorization in Japan. Finally, we will continue to advance the clinical development of our other wholly owned programs, voruciclib and ME-344."

First Quarter Fiscal Year 2021 Corporate Highlights

- In September 2020, MEI announced the appointment of Brian T. Powl as senior vice president, marketing, a new role reporting to David Urso, chief operating officer and general counsel. Mr. Powl joined MEI from Celgene Corporation where he served as vice president, global commercial CAR T lead.

First Quarter Fiscal Year 2021 Financial Results

- As of September 30, 2020, MEI had \$176.1 million in cash, cash equivalents, and short-term investments with no outstanding debt. Additionally, MEI had a receivable of \$20.4 million from the Japanese taxing authorities that was withheld from the \$100 million paid by Kyowa Kirin Co. under the terms of the April 2020 global license, development and commercialization agreement. This receivable was received in October 2020.
- For the quarter ended September 30, 2020, cash used in operations was \$9.1 million compared to \$14.1 million for 2019.
- Research and development expenses were \$13.0 million for the quarter ended September 30, 2020, compared to \$9.0 million for 2019. The increase was primarily related to increased development costs associated with zandelisib, including increased activity in the TIDAL study and start-up costs related to the Phase 3 study, as well as increased personnel costs to support clinical trial activities.
- General and administrative expenses were \$5.9 million for the quarter ended September 30, 2020, compared

to \$4.1 million for 2019. The increase primarily relates to personnel costs and general corporate expenses incurred during the quarter ended September 30, 2020.

- MEI recognized revenues of \$3.8 million for the quarter ended September 30, 2020, compared to \$1.2 million for the quarter ended September 30, 2019. The increase in revenue primarily related to the license agreement with Kyowa Kirin and included the recognition of fees allocated to research and development obligations, including a portion of Kyowa Kirin's share of zandelisib costs which were \$4.9 million for the quarter ended September 30, 2020. Revenue also includes recognition of fees allocated to performance obligations in accordance with the Helsinn License Agreement.
- Net loss was \$2.1 million, or \$0.02 per share, for the quarter ended September 30, 2020, compared to net loss of \$3.0 million, or \$0.04 per share for 2019. The Company had 112,522,001 shares of common stock outstanding as of September 30, 2020, compared with 73,654,927 shares as of September 30, 2019.
- The adjusted net loss for the quarter ended September 30, 2020, excluding non-cash expenses related to changes in the fair value of the warrants issued in connection with the May 2018 financing (a non-GAAP measure), was \$15.3 million, compared to an adjusted net loss of \$12.3 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. MEI Pharma's portfolio of drug candidates contains four clinical-stage assets, including zandelisib, currently in an ongoing Phase 2 clinical trial which may support an accelerated approval marketing application with the U.S. Food and Drug Administration. Each of MEI Pharma's 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.

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.

MEI PHARMA, INC.

CONDENSED BALANCE SHEETS

(In thousands, except per share amounts)

| September 30, 2020 | June 30, 2020 |
|-----------------------|------------------|
|-----------------------|------------------|

(unaudited)

ASSETS

Current assets:

| | | | | |
|---|----|---------|----|---------|
| Cash and cash equivalents | \$ | 10,956 | \$ | 12,331 |
| Short-term investments | | 165,179 | | 170,299 |
| Total cash, cash equivalents and short-term investments | | 176,135 | | 182,630 |
| Receivable for foreign tax withholding | | 20,420 | | 20,420 |
| Prepaid expenses and other current assets | | 7,375 | | 5,594 |
| Total current assets | | 203,930 | | 208,644 |
| Operating lease right-of-use asset | | 8,420 | | - |
| Property and equipment, net | | 1,659 | | 1,084 |
| Total assets | \$ | 214,009 | \$ | 209,728 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | | | |
|--|----|---------|----|---------|
| Accounts payable | \$ | 6,375 | \$ | 2,437 |
| Accrued liabilities | | 5,537 | | 6,090 |
| Deferred revenue | | 18,972 | | 14,777 |
| Operating lease liabilities | | 602 | | - |
| Total current liabilities | | 31,486 | | 23,304 |
| Deferred revenue, long-term | | 64,864 | | 67,723 |
| Warrant liability | | 27,259 | | 40,483 |
| Operating lease liabilities, long-term | | 8,072 | | - |
| Total liabilities | | 131,681 | | 131,510 |

Stockholders' equity:

| | | | | |
|---|----|-----------|----|-----------|
| Preferred stock, \$0.01 par value; 100 shares authorized; none outstanding | - | - | - | - |
| Common stock, \$0.0000002 par value; 226,000 shares authorized; 112,522 and 111,514 shares issued and outstanding at September 30, 2020 and June 30, 2020, respectively | - | - | - | - |
| Additional paid-in-capital | | 361,654 | | 355,452 |
| Accumulated deficit | | (279,326) | | (277,234) |
| Total stockholders' equity | | 82,328 | | 78,218 |
| Total liabilities and stockholders' equity | \$ | 214,009 | \$ | 209,728 |

MEI PHARMA, INC.

CONDENSED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

| | Three Months Ended | |
|--------------------------|--------------------|----------|
| | September 30, | |
| | 2020 | 2019 |
| Revenue | \$ 3,834 | \$ 1,157 |
| Operating expenses: | | |
| Cost of revenue | 509 | 688 |
| Research and development | 12,996 | 8,962 |

| | | |
|--|-------------|------------|
| General and administrative | 5,915 | 4,130 |
| Total operating expenses | 19,420 | 13,780 |
| Loss from operations | (15,586) | (12,623) |
| Other income (expense): | | |
| Change in fair value of warrant liability | 13,224 | 9,269 |
| Interest and dividend income | 275 | 374 |
| Other expense | (5) | (14) |
| Net loss | \$ (2,092) | \$ (2,994) |
| Net loss: | | |
| Basic | \$ (2,092) | \$ (2,994) |
| Diluted | \$ (15,316) | \$ (2,994) |
| Net loss per share: | | |
| Basic | \$ (0.02) | \$ (0.04) |
| Diluted | \$ (0.13) | \$ (0.04) |
| Shares used in computing net loss per share: | | |
| Basic | 112,435 | 73,628 |
| Diluted | 114,957 | 73,628 |

MEI PHARMA, INC.

Reconciliation of GAAP Net Loss to Adjusted Net Loss

(In thousands)

(Unaudited)

| | Three Months Ended September 30, | |
|--|----------------------------------|-------------|
| | 2020 | 2019 |
| Net loss | \$ (2,092) | \$ (2,994) |
| Add: Change in fair value of warrant liability | (13,224) | (9,269) |
| Adjusted net loss | \$ (15,316) | \$ (12,263) |



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