

MEDICINOVA INC
Form 10-Q
April 27, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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 March 31, 2016

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: 001-33185

MEDICINOVA, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	33-0927979 (I.R.S. Employer Identification No.)
4275 Executive Square, Suite 650 La Jolla, CA (Address of Principal Executive Offices)	92037 (Zip Code)

(858) 373-1500

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(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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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 April 25, 2016, the registrant had 32,258,195 shares of Common Stock (\$0.001 par value) outstanding.

MEDICINOVA, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS.

MEDICINOVA, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2016 (Unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$27,618,393	\$22,076,749
Prepaid expenses and other current assets	1,069,103	649,457
Total current assets	28,687,496	22,726,206
Goodwill	9,600,241	9,600,240
In-process research and development	4,800,000	4,800,000
Investment in joint venture	650,457	650,470
Property and equipment, net	38,602	20,430
Other long-term assets	81,761	108,977
Total assets	\$43,858,557	\$37,906,323
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$77,121	\$170,786
Accrued expenses	972,675	1,319,720
Total current liabilities	1,049,796	1,490,506
Long-term deferred rent and lease liability	18,455	12,680
Deferred tax liability	1,956,000	1,956,000
Long-term deferred revenue	1,694,163	1,694,163
Total liabilities	4,718,414	5,153,349
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 3,000,000 shares authorized at March 31, 2016 and December 31, 2015; 220,000 shares issued and outstanding at March 31, 2016 and December 31, 2015	2,200	2,200
Common stock, \$0.001 par value; 100,000,000 shares authorized at March 31, 2016 and December 31, 2015; 32,238,729 and 29,956,495 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	32,239	29,957

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Additional paid-in capital	362,007,445	352,250,667
Accumulated other comprehensive loss	(93,058)	(102,765)
Accumulated deficit	(322,808,683)	(319,427,085)
Total stockholders' equity	39,140,143	32,752,974
Total liabilities and stockholders' equity	\$43,858,557	\$37,906,323

See accompanying notes.

MEDICINOVA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

	Three months ended	
	March 31,	
	2016	2015
Operating expenses:		
Research, development and patents	\$1,075,321	\$719,728
General and administrative	2,316,254	1,495,227
Total operating expenses	3,391,575	2,214,955
Operating loss	(3,391,575)	(2,214,955)
Other expense	(3,267)	(4,154)
Other income	14,749	6,992
Loss before income taxes	(3,380,093)	(2,212,117)
Income taxes	(1,505)	(2,946)
Net loss applicable to common stockholders	\$(3,381,598)	\$(2,215,063)
Basic and diluted net loss per common share	\$(0.11)	\$(0.09)
Shares used to compute basic and diluted net		
loss per common share	30,356,674	24,538,539
Net loss applicable to common stockholders	\$(3,381,598)	\$(2,215,063)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	9,707	(645)
Comprehensive loss	\$(3,371,891)	\$(2,215,708)

See accompanying notes

MEDICINOVA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three months ended	
	March 31,	
	2016	2015
Operating activities:		
Net loss	\$(3,381,598)	\$(2,215,063)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash stock-based compensation	1,439,149	513,305
Depreciation and amortization	4,105	9,180
Change in value of equity method investment	13	1,057
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(41,744)	(800,373)
Accounts payable, accrued expenses and deferred rent	41,435	(301,151)
Accrued compensation and related expenses	(480,726)	(440,471)
Net cash used in operating activities		