
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 6, 2020

Morphic Holding, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-38940
(Commission
File Number)

47-3878772
(I.R.S. Employer
Identification No.)

35 Gatehouse Drive, A2
Waltham, Massachusetts
(Address of principal executive offices)

02451
(Zip Code)

Registrant's telephone number, including area code: (781) 996-0955

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	MORF	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On November 9, 2020, Morphic Holding, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2020. A copy of the press release is attached as Exhibit 99.1 to this report.

The information in this Item 2.02, including Exhibit 99.1 to this report, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”). The information contained in this Item 2.02 and in the accompanying Exhibit 99.1 shall not be incorporated by reference into any other filing under the Exchange Act or under the Securities Act, except as shall be expressly set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure.

On November 6, 2020, Alexey A. Lugovskoy, Ph.D., the Chief Development Officer of the Company, notified the Company that he intends to resign, effective November 20, 2020.

The information in this Item 7.01 to this report shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act. The information contained in this Item 7.01 shall not be incorporated by reference into any other filing under the Exchange Act or under the Securities Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	<u>Press release issued by Morphic Holding, Inc. regarding its financial results for the quarter ended September 30, 2020, dated November 9, 2020.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MORPHIC HOLDING, INC.

Date: November 9, 2020

By: /s/ Marc Schegerin
Marc Schegerin
Chief Financial Officer and Chief Operating Officer



Morphic Announces Corporate Highlights and Third Quarter 2020 Financial Results

Initiated phase 1 clinical trial for MORF-057 with results expected by mid-2021

Presented data at UEG 2020 that reinforce preclinical potency and selectivity profile of MORF-057

Received \$20 million from AbbVie exercising option to $\alpha\beta6$ integrin inhibitor program

WALTHAM, Mass. – November 9, 2020 – Morphic Therapeutic (Nasdaq: MORF), a biopharmaceutical company developing a new generation of oral integrin therapies for the treatment of serious chronic diseases, today reported corporate highlights and third quarter 2020 financial results.

“During the third quarter, Morphic made the most noteworthy progress yet in our mission to deliver the first generation of oral medicines targeting integrin receptors. In September, we announced that the first healthy volunteers received MORF-057 in a phase 1 clinical trial designed to generate safety and pharmacokinetic data, as well as to measure levels of $\alpha4\beta7$ receptor occupancy, a key potential proof-of-concept biomarker in inflammatory bowel disease,” said Praveen Tipirneni, M.D., president and chief executive officer of Morphic Therapeutic. “MORF-057 is the first in our pipeline of selective integrin inhibitor candidates generated by the MInT Platform to enter clinical trials. Further, AbbVie recently exercised its option to exclusively license our $\alpha\beta6$ integrin inhibitor program for the treatment of fibrotic diseases. AbbVie’s decision further validates the MInT Platform and our team’s ability to generate high quality small molecule integrin inhibitors and to design and execute rigorous discovery and development programs.”

Morphic is developing MORF-057 as a selective, oral small molecule inhibitor of the $\alpha4\beta7$ integrin, a target for the treatment of inflammatory bowel disease (IBD) with an initial focus on moderate-to-severe ulcerative colitis (UC). The mechanism of $\alpha4\beta7$ inhibition to treat IBD has been clinically validated by the approved infused antibody therapy, vedolizumab.

Third quarter and recent corporate highlights:

- Initiated a phase 1 clinical trial of MORF-057 in healthy volunteers
 - The randomized, double-blind, placebo-controlled, single and multiple ascending dose study in healthy adults will evaluate the safety, tolerability, pharmacokinetic and pharmacodynamic properties of MORF-057; a concurrent food effect study will also be conducted
 - The full data set from the trial is expected to be presented at a major medical conference by mid-2021 with potential release of initial single-ascending dose cohort results in first quarter 2021, including key safety and receptor occupancy data
 - Announced AbbVie exercised its option to exclusively license the $\alpha\beta6$ integrin inhibitor program for fibrotic diseases
 - AbbVie paid Morphic a license fee of \$20.0 million, with future potential regulatory and commercial milestones and royalties from the sales of any commercialized candidates
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- o The exclusive license covers Morphic's $\alpha\beta6$ integrin specific program, including the compounds MORF-720 and MORF-627, discovered from the MInT Platform, Morphic's proprietary platform for the discovery of oral integrin drugs
- Presented additional preclinical data on the MORF-057 program at United European Gastroenterology (UEG) Week Virtual 2020
 - o The UEG data reinforce the high potency and selectivity of MORF-057 for its integrin target, $\alpha4\beta7$, through ex vivo human translational biomarkers
 - o These data further reinforce the potential for MORF-057 to act through the same clinically validated mechanism as the approved injectable, infused antibody, vedolizumab, but using a potentially more convenient oral small molecule
 - o Notably, these data also validated a novel physiologically relevant assay to measure $\alpha4\beta7$ receptor occupancy in human whole blood, a key pharmacodynamic marker being studied in the ongoing phase 1 clinical trial of MORF-057

Financial Results for Third Quarter 2020

Net income for the quarter ended September 30, 2020 was \$5.4 million or \$0.17 per share, diluted compared to a net loss of \$8.9 million or \$0.30 per share, basic and diluted for the same quarter last year.

- Revenue was \$25.8 million for the quarter ended September 30, 2020 compared to \$5.7 million for the same quarter last year. The increase was primarily due the receipt of a \$20.0 million payment triggered by AbbVie exercising their option to Morphic's $\alpha\beta6$ program
- Research and development expenses were \$16.0 million for the quarter ended September 30, 2020, compared to \$12.6 million in the same quarter last year. The \$3.4 million increase year-over-year reflects clinical, development and manufacturing costs associated with our lead wholly owned $\alpha4\beta7$ clinical program; and increased personnel-related costs to support continued progress with the company's pipeline
- General and administrative expenses were \$4.8 million for the quarter ended September 30, 2020, compared to \$2.9 million in the same quarter last year. The \$1.9 million increase year-over-year was primarily attributable to increased headcount and higher professional fees to operate as a public company along with consulting fees associated with ongoing business development activities

As of September 30, 2020, Morphic had cash, cash equivalents, and marketable securities of \$213.1 million, compared to \$237.0 million at the end of 2019. Through utilization of at-the-market (ATM) offerings during the third quarter of 2020, Morphic raised net proceeds of \$6.3 million. Morphic believes its cash, cash equivalents, and marketable securities balance as of September 30, 2020 will be sufficient to fund operating expenses and capital expenditure requirements into at least the end of 2022.

About Morphic Therapeutic

Morphic Therapeutic is a biopharmaceutical company developing a new generation of oral integrin therapies for the treatment of serious chronic diseases, including autoimmune, cardiovascular and metabolic diseases,



fibrosis and cancer. In collaboration with AbbVie, Janssen and Schrödinger, Morphic is advancing its pipeline and discovery activities using its proprietary MInT Platform which leverages the Company's unique understanding of integrin structure and biology. For more information, visit www.morphictx.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to: Morphic's or our partners' plans or ability to develop, obtain approval for any indication or disease and/or commercialize any oral small-molecule integrin therapeutics, including MORF-057, MORF-720, MORF-627, and any other candidates in development, the ability of MORF-057 to treat inflammatory bowel disease, the ability of MORF-720 and MORF-627 to treat idiopathic pulmonary fibrosis as well as other fibrotic diseases, the potential impact of the COVID-19 pandemic and the sufficiency of our cash, cash equivalents and investments to fund our operations. Statements including words such as "believe," "plan," "continue," "expect," "will be," "develop," "signal," "potential," "anticipate" or "ongoing" and statements in the future tense are forward-looking statements. These forward-looking statements involve risks and uncertainties, as well as assumptions, which, if they do not fully materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are subject to risks and uncertainties that may cause Morphic's actual activities or results to differ significantly from those expressed in any forward-looking statement, including risks and uncertainties related to Morphic's ability to develop, obtain regulatory approval for and commercialize MORF-057, MORF-720, and other product candidates, the timing and results of preclinical studies and clinical trials, the potential impact of the COVID-19 pandemic, Morphic's ability to protect intellectual property; and other risks set forth in our filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof and Morphic specifically disclaims any obligation to update these forward-looking statements or reasons why actual results might differ, whether as a result of new information, future events or otherwise, except as required by law.

-Financial Tables to Follow-



Morphic Holding Inc.
Condensed Consolidated Statements of Operations
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Collaboration revenue	\$ 25,757	\$ 5,675	\$ 39,044	\$ 17,311
Operating expenses:				
Research and development	15,998	12,635	54,877	36,912
General and administrative	4,751	2,898	13,368	6,807
Total operating expenses	<u>20,749</u>	<u>15,533</u>	<u>68,245</u>	<u>43,719</u>
Income (loss) from operations	5,008	(9,858)	(29,201)	(26,408)
Interest income, net	<u>231</u>	<u>1,298</u>	<u>1,524</u>	<u>3,480</u>
Total other income	231	1,298	1,524	3,480
Income (loss) before benefit from (provision for) income taxes	5,239	(8,560)	(27,677)	(22,928)
Benefit from (provision for) income taxes	115	(304)	427	(569)
Net income (loss)	<u>\$ 5,354</u>	<u>\$ (8,864)</u>	<u>\$ (27,250)</u>	<u>\$ (23,497)</u>
Net income (loss) per share, basic	<u>\$ 0.18</u>	<u>\$ (0.30)</u>	<u>\$ (0.90)</u>	<u>\$ (2.06)</u>
Net income (loss) per share, diluted	<u>\$ 0.17</u>	<u>\$ (0.30)</u>	<u>\$ (0.90)</u>	<u>\$ (2.06)</u>
Weighted-average common shares outstanding - basic	<u>30,533,847</u>	<u>29,999,170</u>	<u>30,368,437</u>	<u>11,393,192</u>
Weighted-average common shares outstanding - diluted	<u>32,366,141</u>	<u>29,999,170</u>	<u>30,368,437</u>	<u>11,393,192</u>



Morphic Holding Inc.
Condensed Consolidated Balance Sheets
(unaudited)
(in thousands)

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Assets		
Cash, cash equivalents and marketable securities	\$ 213,146	\$ 237,016
Other current assets	5,255	6,557
Total current assets	<u>218,401</u>	<u>243,573</u>
Other assets	3,177	3,862
Total assets	<u>\$ 221,578</u>	<u>\$ 247,435</u>
Liabilities and Stockholders' Equity		
Current liabilities	\$ 35,578	\$ 35,350
Long-term liabilities	55,696	71,167
Total liabilities	<u>91,274</u>	<u>106,517</u>
Total stockholders' equity	<u>130,304</u>	<u>140,918</u>
Total liabilities and stockholders' equity	<u>\$ 221,578</u>	<u>\$ 247,435</u>

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Contacts

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