

Sorrento Therapeutics, Inc.
Form 10-Q
August 07, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR

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 001-36150

SORRENTO THERAPEUTICS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	33-0344842
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

9380 Judicial Drive,

San Diego, California 92121

(Address of Principal Executive Offices)

(858) 210-3700

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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 smaller reporting company. See the definitions of "large accelerated filer," "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 .

The number of shares of the issuer's common stock, par value \$0.0001 per share, outstanding as of August 3, 2015 was 37,761,585.

Sorrento Therapeutics, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.
SORRENTO THERAPEUTICS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except for share amounts)

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 51,699	\$ 71,902
Grants and accounts receivables, net	898	732
Prepaid expenses and other, net	1,210	1,281
Total current assets	53,807	73,915
Property and equipment, net	2,824	2,277
Intangibles, net	4,135	4,357
Goodwill	12,470	12,470
Investment in common stock	21,500	10,000
Long-term assets held for sale	37,478	38,190
Other, net	602	332
Total assets	\$ 132,816	\$ 141,541
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,474	\$ 1,656
Accrued payroll and related	1,418	1,825
Current portion of deferred compensation	947	1,893
Accrued expenses	909	867
Current portion of debt	4,613	3,316
Total current liabilities	10,361	9,557
Long-term debt	6,868	8,830
Deferred compensation	851	796
Deferred tax liabilities	1,633	1,709
Long-term liabilities held for sale	10,714	10,837
Deferred revenue, rent and other	11,135	1,099
Total liabilities	41,562	32,828
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 100,000,000 shares authorized and no shares issued or outstanding	—	—
Common stock, \$0.0001 par value; 750,000,000 shares authorized and	4	4

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36,392,098 and 36,184,912 shares issued and outstanding at

June 30, 2015 and December 31, 2014, respectively

Additional paid-in capital	180,164	176,227
Accumulated deficit	(88,914)	(67,518)
Total stockholders' equity	91,254	108,713
Total liabilities and stockholders' equity	\$ 132,816	\$ 141,541

See accompanying notes

SORRENTO THERAPEUTICS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Grant	\$459	\$84	\$697	\$182
Sales and services	714	691	1,453	1,569
Total revenues	1,173	775	2,150	1,751
Operating costs and expenses:				
Costs of revenues	314	510	823	1,073
Research and development	7,971	5,309	15,811	11,416
Acquired in-process research and development	—	—	—	209
General and administrative	3,072	2,361	5,291	5,746
Intangible amortization	349	586	935	1,172
Total costs and operating expenses	11,706	8,766	22,860	19,616
Loss from operations	(10,533)			