

Sorrento Therapeutics, Inc.
Form 10-Q
August 09, 2018

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, 2018

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 (I.R.S. Employer
Incorporation or Organization) Identification Number)
4955 Directors Place
San Diego, California 92121
(Address of Principal Executive Offices)
(858) 203-4100
(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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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.

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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 6, 2018 was 116,732,276.

Sorrento Therapeutics, Inc.
 Form 10-Q for the Quarter Ended June 30, 2018
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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

SORRENTO THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except for share amounts)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$46,784	\$20,429
Marketable securities	323	441
Grants and accounts receivables, net	2,204	2,211
Income tax receivable	433	1,715
Prepaid expenses and other, net	5,002	4,904
Total current assets	54,746	29,700
Property and equipment, net	19,893	19,345
Intangibles, net	69,690	71,013
Goodwill	38,298	38,298
Cost method investments	237,008	237,008
Equity method investments	29,972	32,999
Other, net	2,914	3,250
Total assets	\$452,521	\$431,613
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$9,941	\$9,911
Accrued payroll and related benefits	6,671	4,485
Accrued expenses	4,226	7,274
Current portion of deferred revenue	1,878	3,864
Current portion of deferred rent	243	212
Acquisition consideration payable	14,929	53,209
Current portion of debt	1,511	—
Total current liabilities	39,399	78,955
Long-term debt	16,203	5,211
Deferred tax liabilities	13,281	15,535
Deferred revenue	118,247	119,287
Deferred rent and other	5,926	6,015
Total liabilities	193,056	225,003
Commitments and contingencies		
Equity:		
Sorrento Therapeutics, Inc. 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 116,240,963 and 82,903,567 shares issued and outstanding at June 30, 2018 and December 31, 2017,	12	9

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respectively

Additional paid-in capital	574,316	413,901
Accumulated other comprehensive income (loss)	153	242
Accumulated deficit	(270,646)	(165,120)
Treasury stock, 7,568,182 shares at cost at June 30, 2018, and December 31, 2017, respectively	(49,464)	(49,464)
Total Sorrento Therapeutics, Inc. stockholders' equity	254,371	199,568
Noncontrolling interests	5,094	7,042
Total equity	259,465	206,610
Total liabilities and stockholders' equity	\$452,521	\$431,613
See accompanying unaudited notes		

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SORRENTO THERAPEUTICS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (In thousands, except per share amounts)

	Three Months Ended June 30, 2018 2017	Six Months Ended June 30, 2018 2017
Revenues:		
Grant	\$ - \$ 94	\$ - \$ 195
Royalty and license	120,416	240,833
Sales and services	3,723,155	9,945,111
Total revenues	3,943,665	10,959,999
Operating costs and expenses:		
Costs of revenues	1,286	2,538
Research and development		