

Celsion CORP
Form 10-Q
May 11, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 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, 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: 001-15911

CELSION CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware

52-1256615

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(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

**997 Lenox Drive, Suite 100,
Lawrenceville, NJ 08648**

(Address of principal executive offices)

(609) 896-9100

(Registrant's telephone number, including area code)

NA

(Former name, former address and former fiscal year, if changed since last report)

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, 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 (Check One):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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.

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 May 10, 2018, the Registrant had 17,740,035 shares of common stock, \$0.01 par value per share, outstanding.

CELSION CORPORATION
QUARTERLY REPORT ON
FORM 10-Q

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Forward-Looking Statements

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are “forward-looking statements” for purposes of this Quarterly Report on Form 10-Q, including, without limitation, any projections of earnings, revenue or other financial items, any statements of the plans and objectives of management for future operations (including, but not limited to, pre-clinical development, clinical trials, manufacturing and commercialization), any statements concerning proposed drug candidates potential therapeutic benefits, or other new products or services, any statements regarding future economic conditions or performance, any changes in the course of research and development activities and in clinical trials, any possible changes in cost and timing of development and testing, capital structure, financial condition, working capital needs and other financial items, any changes in approaches to medical treatment, any introduction of new products by others, any possible licenses or acquisitions of other technologies, assets or businesses, our ability to realize the full extent of the anticipated benefits of our acquisition of the assets of EGEN, Inc., including achieving operational cost savings and synergies in light of any delays we may encounter in the integration process and additional unforeseen expenses, any possible actions by customers, suppliers, partners, competitors and regulatory authorities, compliance with listing standards of The NASDAQ Capital Market and any statements of assumptions underlying any of the foregoing. In some cases, forward-looking statements can be identified by the use of terminology such as “may,” “will,” “expects,” “plans,” “anticipates,” “estimates,” “potential” or “continue,” or the negative thereof or other comparable terminology. Although we believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our industry, business and operations, we cannot guarantee that actual results will not differ materially from our expectations.

Our future financial condition and results of operations, as well as any forward-looking statements, are subject to inherent risks and uncertainties, including, but not limited to, the risk factors set forth in Part II, Item 1A “Risk Factors” below and for the reasons described elsewhere in this Quarterly Report on Form 10-Q. All forward-looking statements and reasons why results may differ included in this report are made as of the date hereof and we do not intend to update any forward-looking statements, except as required by law or applicable regulations. The discussion of risks and uncertainties set forth in this Quarterly Report on Form 10-Q is not necessarily a complete or exhaustive list of all risks facing us at any particular point in time. We operate in a highly competitive, highly regulated and rapidly changing environment and our business is in a state of evolution. Therefore, it is likely that new risks will emerge, and that the nature and elements of existing risks will change, over time. It is not possible for management to predict all such risk factors or changes therein, or to assess either the impact of all such risk factors on our business or the extent to which any individual risk factor, combination of factors, or new or altered factors, may cause results to differ materially from those contained in any forward-looking statement.

Except where the context otherwise requires, in this Quarterly Report on Form 10-Q, the “Company,” “Celsion,” “we,” “us,” and “our” refer to Celsion Corporation, a Delaware corporation, its wholly-owned subsidiaries CLSN Laboratories, Inc., also a Delaware corporation, and Celsion GmbH, a limited liability company in Zug Switzerland.

Trademarks

The Celsion brand and product names, including but not limited to Celsion® and ThermoDox® contained in this document are trademarks, registered trademarks or service marks of Celsion Corporation or its subsidiary in the United States (U.S.) and certain other countries. This document also contains references to trademarks and service marks of other companies that are the property of their respective owners.

PART I: FINANCIAL INFORMATION**Item 1. FINANCIAL STATEMENTS****CELSION CORPORATION****CONDENSED CONSOLIDATED****BALANCE SHEETS**

	March 31, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$2,285,314	\$11,444,055
Investment securities – available for sale, at fair value	18,411,162	12,724,020
Accrued interest receivable on investment securities	67,192	54,440
Advances, deposits and other current assets	89,186	89,186
Subtotal current assets	20,852,854	24,311,701
Property and equipment (at cost, less accumulated depreciation and amortization of \$2,869,058 and \$2,838,716 respectively)	175,066	175,771
Other assets:		
In-process research and development	20,246,491	20,246,491
Other intangible assets, net	738,779	795,608
Goodwill	1,976,101	1,976,101
Patent licensing fees and other assets, net	8,761	8,761
Subtotal other assets	22,970,132	23,026,961
Total assets	\$43,998,052	\$47,514,433

See accompanying notes to the condensed consolidated financial statements.

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CELSION CORPORATION**CONDENSED CONSOLIDATED****BALANCE SHEETS****(Continued)**

	March 31, 2018 (unaudited)	December 31, 2017
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable – trade	\$3,416,878	\$3,416,863
Other accrued liabilities	1,716,867	2,282,827
Deferred revenue – current portion	500,000	500,000
Subtotal current liabilities	5,633,745	6,199,690
Earn-out milestone liability	12,808,720	12,538,525
Deferred revenue – non-current portion	1,875,000	2,000,000
Other liabilities – non-current portion	70,232	71,710
Total liabilities	20,387,697	20,809,925
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred Stock - \$0.01 par value (100,000 shares authorized and no shares issued or outstanding at March 31, 2018 and December 31, 2017)	-	-
Common stock - \$0.01 par value (112,500,000 shares authorized; 17,740,369 and 17,277,299 shares issued at March 31, 2018 and December 31, 2017, respectively, and 17,740,035 and 17,276,965 shares outstanding at March 31, 2018 and December 31, 2017, respectively)	177,403	172,772
Additional paid-in capital	289,810,437	288,408,976
Accumulated other comprehensive loss	(33,414)	(10,164)
Accumulated deficit	(266,258,883)	(261,781,888)
Subtotal	23,695,543	26,789,696
Treasury stock, at cost (334 shares at March 31, 2018 and December 31, 2017)	(85,188)	(85,188)
Total stockholders' equity	23,610,355	26,704,508

Total liabilities and stockholders' equity	\$43,998,052	\$47,514,433
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See accompanying notes to the condensed consolidated financial statements.

CELSION CORPORATION**CONDENSED CONSOLIDATED****STATEMENTS OF OPERATIONS****(Unaudited)****Three Months Ended****March 31,
2018 2017**

Licensing revenue	\$ 125,000	\$ 125,000
Operating expenses:		
Research and development	2,741,076	3,475,276
General and administrative	1,665,028	1,468,122
Total operating expenses	4,406,104	4,943,398
Loss from operations	(4,281,104)	(4,818,398)
Other (expense) income:		
Loss from change in valuation of earn-out milestone liability	(270,195)	(283,751)
Investment income		