

CESCA THERAPEUTICS INC.
Form 10-Q
August 14, 2018

Table of Contents

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 from _____ to _____.

Commission File Number: 000-16375

Cesca Therapeutics Inc.

(Exact name of registrant as specified in its charter)

Delaware **94-3018487**

(State of incorporation) (I.R.S. Employer Identification No.)

2711 Citrus Road

Rancho Cordova, California 95742

(Address of principal executive offices) (Zip Code)

(916) 858-5100

(Registrant's telephone number, including area code)

Edgar Filing: CESCA THERAPEUTICS INC. - Form 10-Q

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or 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 definition 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding at August 10, 2018
Common stock, \$.001 par value	20,649,147

Table of Contents

Cesca Therapeutics Inc.

INDEX

Page Number

Part I Financial Information

Item 1. <u>Financial Statements</u>	1
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	27
Item 4. <u>Controls and Procedures</u>	27

Part II Other Information

Item 1. <u>Legal Proceedings</u>	28
Item 1A. <u>Risk Factors</u>	28
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
Item 3. <u>Defaults upon Senior Securities</u>	29
Item 4. <u>Mine Safety Disclosure</u>	29
Item 5. <u>Other Information</u>	29
Item 6. <u>Exhibits</u>	29

<u>Signatures</u>	31
--------------------------	----

Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****Cesca Therapeutics Inc.****Condensed Consolidated Balance Sheets**

	June 30 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$3,071,000	\$3,513,000
Accounts receivable, net of allowance for doubtful accounts of \$281,000 (\$274,000 at December 31, 2017)	1,814,000	1,687,000
Accounts receivable – related party	30,000	862,000
Inventories, net of reserves of \$0 (\$1,069,000 at December 31, 2017)	5,156,000	4,798,000
Prepaid expenses and other current assets	335,000	594,000
Total current assets	10,406,000	11,454,000
Restricted cash	1,000,000	1,000,000
Equipment, net	3,466,000	2,996,000
Goodwill	1,281,000	13,976,000
Intangible assets, net	7,039,000	21,629,000
Other assets	51,000	56,000
Total assets	\$23,243,000	\$51,111,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$2,048,000	\$2,079,000
Accrued payroll and related expenses	581,000	532,000
Deferred revenue	718,000	384,000
Related party payable	--	606,000
Other current liabilities	2,053,000	1,863,000
Total current liabilities	5,400,000	5,464,000
Long-term debt-related party	7,200,000	6,700,000
Noncurrent deferred tax liability	1,279,000	4,730,000
Derivative obligations	30,000	597,000
Other non-current liabilities	371,000	408,000
Total liabilities	14,280,000	17,899,000

Commitments and contingencies

Stockholders' equity:

Preferred stock, \$0.001 par value; 2,000,000 shares authorized, none outstanding	--	--
Common stock, \$0.001 par value; 350,000,000 shares authorized; 20,649,147 issued and outstanding (10,872,428 at December 31, 2017)	21,000	11,000
Paid in capital in excess of par	227,694,000	221,371,000
Accumulated deficit	(217,337,000)	(187,640,000)
Accumulated other comprehensive loss	(15,000)	(43,000)
Total Cesca Therapeutics Inc. stockholders' equity	10,363,000	33,699,000
Noncontrolling interests	(1,400,000)	(487,000)
Total equity	8,963,000	33,212,000
Total liabilities and stockholders' equity	\$23,243,000	\$51,111,000

See accompanying notes.

Table of Contents**Cesca Therapeutics Inc.****Condensed Consolidated Statements of Operations and Comprehensive Loss (Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net revenues	\$2,004,000	\$3,501,000	\$3,871,000	\$6,753,000
Cost of revenues	1,641,000	1,973,000	3,156,000	3,848,000
Gross profit	363,000	1,528,000	715,000	2,905,000
Expenses:				
Sales and marketing	359,000	421,000	685,000	756,000
Research and development	908,000	566,000	1,949,000	1,133,000
General and administrative	2,399,000	1,963,000	4,641,000	4,601,000
Impairment Charges	27,202,000	310,000	27,202,000	310,000
Total operating expenses	30,868,000			