

SOLIGENIX, INC.  
Form 10-Q  
November 12, 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 September 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 No. 000-16929

**SOLIGENIX, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation or organization)

**41-1505029**

(I.R.S. Employer Identification Number)

**29 EMMONS DRIVE, SUITE C-10 PRINCETON, NJ 08540**

(Address of principal executive offices)

(Zip Code)

**(609) 538-8200**

(Registrant's telephone number, including area code)

Indicate by check whether the registrant (1) 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 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 definition of "accelerated filer" and "large accelerated filer" in Rule 112b-2 of the Exchange Act (Check one).

Large accelerated filer Accelerated filer Non-accelerated filer 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

As of November 2, 2015; 27,242,393 shares of the registrant's common stock (par value, \$.001 per share) were outstanding.

**SOLIGENIX, INC.**

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**PART I - FINANCIAL INFORMATION****ITEM 1 - Financial Statements****Soligenix, Inc. and Subsidiaries****Consolidated Balance Sheets**

	September 30, 2015 (Unaudited)	December 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$4,033,326	\$5,525,094
Contracts and grants receivable	1,864,743	794,767
Prepaid expenses	158,158	172,928
Total current assets	6,056,227	6,492,789
Office furniture and equipment, net	54,398	51,510
Intangible assets, net	244,661	409,949
Total assets	\$6,355,286	\$6,954,248
Liabilities and shareholders' deficiency		
Current liabilities:		
Notes payable	\$286,399	\$-
Accounts payable	4,347,421	3,003,545
Warrant liability	2,139,599	3,789,562
Accrued compensation	48,086	315,030
Total current liabilities	6,821,505	7,108,137
Commitments and contingencies		
Shareholders' equity deficiency:		
Preferred stock; 350,000 shares authorized; none issued or outstanding	-	-
Common stock, \$.001 par value; 50,000,000 shares authorized; 27,066,511 shares and 23,936,568 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	27,067	23,937
Additional paid-in capital	144,325,731	138,868,523
Accumulated deficit	(144,819,017)	(139,046,349)
Total shareholders' deficiency	(466,219 )	(153,889 )
Total liabilities and shareholders' deficiency	\$6,355,286	\$6,954,248

The accompanying notes are an integral part of these consolidated financial statements.

**Soligenix, Inc. and Subsidiaries****Consolidated Statements of Operations****For the Three and Nine Months Ended September 30, 2015 and 2014****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Contract revenue	\$3,874,199	\$2,194,909	\$5,668,746	\$3,753,406
Grant revenue	5,476	592,800	127,042	1,363,148
Total revenues	3,879,675	2,787,709	5,795,788	5,116,554
Cost of revenues	(3,050,814 )	(2,109,530 )	(4,394,915 )	(3,773,095 )
Gross profit	828,861	678,179	1,400,873	1,343,459
Operating expenses:				
Research and development	1,259,015	1,089,179	3,731,813	3,333,024
Acquired in-process research and development	-	4,000,000	-	4,000,000
Research and development	1,259,015	5,089,179	3,731,813	7,333,024
General and administrative	839,512	730,378	2,531,744	2,437,553
Total operating expenses	2,098,527	5,819,557	6,263,557	9,770,577
Loss from operations	(1,269,666 )	(5,141,378 )	(4,862,684 )	(8,427,118 )
Other income (expense):				
Change in fair value of warrant liability	4,047,742	791,395	(907,368 )	(203,703 )
Interest income (expense), net	(3,728 )	428	(2,616 )	1,041
Net income (loss)	\$2,774,348	\$(4,349,555 )	\$(5,772,668 )	\$(8,629,780 )
Basic net income / (loss) per share	\$0.10	\$(0.21 )	\$(0.23 )	\$(0.43 )
Diluted net loss per share	\$(0.05 )	\$(0.21 )	\$(0.23 )	\$(0.43 )
Basic weighted average common shares outstanding	26,482,402	20,671,097	25,539,296	20,120,035
Diluted weighted average common shares outstanding	28,290,584	20,671,097	25,539,296	20,120,035

The accompanying notes are an integral part of these consolidated financial statements.



**Soligenix, Inc. and Subsidiaries****Consolidated Statements of Changes in Shareholders' Deficiency****For the Nine Months Ended September 30, 2015****(Unaudited)**

	Common Stock		Additional	Accumulated	
	Shares	Par Value	Paid-In Capital	Deficit	Total
Balance, December 31, 2014	23,936,568	\$23,937	\$138,868,523	\$(139,046,349)	\$(153,889 )
Issuance of common stock pursuant to Lincoln Park equity line	613,611	614	1,114,411	-	1,115,025
Issuance of common stock pursuant to Equity Line Purchase Agreement	609,535	610	499,390	-	500,000
Stock issuance cost associated with Equity Line Purchase Agreement	-	-	(453,162 )	-	(453,162 )
Issuance of common stock to vendors	127,243	127	190,134	-	190,261
Reclassification of warrant liability upon partial exercise of warrants issued in unit offering	-	-	2,557,331	-	2,557,331
Warrants exercises	1,746,429	1,746	1,115,775	-	1,117,521
Issuance of shares from exercise of stock options	33,125	33	19,217	-	19,250
Share-based compensation expense	-	-	414,112	-	414,112
Net loss	-	-	-	(5,772,668 )	(5,772,668)
Balance, September 30, 2015	27,066,511	\$27,067	\$144,325,731	\$(144,819,017)	\$(466,219 )

The accompanying notes are an integral part of these consolidated financial statements.



**Soligenix, Inc. and Subsidiaries****Consolidated Statements of Cash Flows****For the Nine Months Ended September 30,****(Unaudited)**

	2015	2014
Operating activities:		
Net loss	\$(5,772,668)	\$(8,629,780)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	184,496	183,960
Warrants issued to vendors	-	4,775
Change in fair value of warrant liability	<b>907,368</b>	203,703
Issuances of common stock for acquisition of in-process research and development	-	4,000,000
Issuances of common stock to vendors	190,261	106,042
Amortization of discount on debt	4,328	-
Share-based compensation	414,112	458,914
Change in operating assets and liabilities:		
Grants receivable	(1,069,976)	(470,957 )
Taxes receivable	-	750,356
Prepaid expenses	14,770	(70,116 )
Accounts payable	1,343,876	1,539,036
Accrued compensation	(266,942 )	(173,755 )
Total adjustments	1,722,293	6,531,958
Net cash used in operating activities	(4,050,375)	(2,097,822)
Investing activities:		
Purchase of fixed assets	(22,098 )	(47,025 )
Net cash used in investing activities	(22,098 )	(47,025 )
Financing activities:		
Proceeds from issuance of common stock pursuant to equity lines	1,615,025	470,475
Stock issuance costs associated with equity line purchase agreement	(171,091 )	-
Proceeds from exercise of warrants and options	1,136,771	28,079
Net cash provided by financing activities	2,580,705	498,554
Net decrease in cash and cash equivalents	(1,491,768)	(1,646,293)
Cash and cash equivalents at beginning of period	5,525,094	5,856,242
Cash and cash equivalents at end of period	\$4,033,326	\$4,209,949
Supplemental disclosure of non cash investing and financing activities:		
Reclassification of warrant liability to additional paid in capital upon partial exercise of warrants issued in unit offering	\$2,557,331	\$1,055,490

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Notes payable issued in connection with Equity Purchase Agreement	\$282,071	\$-
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The accompanying notes are an integral part of these consolidated financial statements.

**Soligenix, Inc.**

**Notes to Consolidated Financial Statements**

**(Unaudited)**

**Note 1. Nature of Business**

Basis of Presentation

Soligenix, Inc. (the “Company”) is a late-stage biopharmaceutical company focused on developing and commercializing products to treat rare diseases where there is an unmet medical need. The Company maintains two active business segments: BioTherapeutics and Vaccines/BioDefense.

The Company’s BioTherapeutics business segment is developing a first-in-class photodynamic therapy (SGX301) utilizing safe visible light for the treatment of cutaneous T-cell lymphoma (“CTCL”), proprietary formulations of oral beclomethasone 17,21-dipropionate (“BDP”) for the prevention/treatment of gastrointestinal (“GI”) disorders characterized by severe inflammation, including pediatric Crohn’s disease (SGX203) and acute radiation enteritis (SGX201), and its novel innate defense regulator (“IDR”) technology (SGX942) for the treatment of oral mucositis.

The Company’s Vaccines/BioDefense business segment includes active development programs for RiVax™, its ricin toxin vaccine candidate, VeloThrax™, an anthrax vaccine candidate, OrbeShield™, a GI acute radiation syndrome (“GI ARS”) therapeutic candidate and SGX943, a melioidosis therapeutic candidate. The development of the vaccine programs currently supported by the heat stabilization technology, known as ThermoVax™, under existing and on-going government contract funding. With awarded government contracts from the National Institute of Allergy and Infectious Diseases (“NIAID”), the Company will attempt to advance the development of RiVax™ to protect against exposure to ricin toxin. The Company plans to use the funds received under the government contracts with the Biomedical Advanced Research and Development Authority (“BARDA”) and NIAID to advance the development of OrbeShield™ for the treatment of GI ARS.

The Company generates revenues under government grants primarily from the National Institutes of Health (the “NIH”) and government contracts from BARDA and NIAID.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, development of new technological innovations, dependence on key personnel, protections of proprietary technology, compliance with the United States Food and Drug Administration (the U.S. "FDA") regulations, litigation, and product liability. Results for the three and nine months ended September 30, 2015 are not necessarily indicative of results that may be expected for the full year.

### Liquidity

As of September 30, 2015, the Company had cash and cash equivalents of \$4,033,326 as compared to \$5,525,094 as of December 31, 2014, representing a decrease of \$1,491,768 or 27%. As of September 30, 2015, the Company had working capital of \$1,374,321, which excludes the non-cash warrant liability of \$2,139,599, as compared to working capital of \$3,174,214, which excludes a non-cash warrant liability of \$3,789,562 as of December 31, 2014, representing a decrease of \$1,799,893, or 57%. The decrease is primarily related to expenditures to support the Phase 2 clinical trial of SGX942 for the treatment of oral mucositis in head and neck cancer and manufacture of clinical supplies to support the Phase 3 clinical trial of SGX301 for the treatment of CTCL.

Based on the Company's current rate of cash outflows, cash on hand, proceeds from its government contract and grant programs, availability of funds from equity lines and proceeds from the state of New Jersey Technology Business Tax Certificate Transfer Program, management believes that its current cash will be sufficient to meet the anticipated cash needs for working capital and capital expenditures for at least the next twelve months.