

FINJAN HOLDINGS, INC.
Form 10-Q
August 02, 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 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: 001-33304

FINJAN HOLDINGS, INC.
(Exact name of registrant as specified in its
charter)

Delaware 20-4075963
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

2000 University Ave., Suite 600
East Palo Alto, CA 94303
(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

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 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.

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 ý

As of July 25, 2018, 27,244,160 shares of the registrant's common stock, par value \$0.0001 per share, were outstanding.

FINJAN HOLDINGS, INC.
TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements:

Condensed Consolidated Balance Sheets as of June 30, 2018 (unaudited) and December 31, 2017 1

Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018 and June 30, 2017 (unaudited) 2

Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and June 30, 2017 (unaudited) 3

Notes to Condensed Consolidated Financial Statements (unaudited) 5

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations 26

Item 3. Quantitative and Qualitative Disclosures About Market Risk 34

Item 4. Controls and Procedures 34

PART II – OTHER INFORMATION

Item 1. Legal Proceedings 35

Item 1A Risk Factors 35

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 35

Item 3. Defaults upon Senior Securities 35

Item 4. Mine Safety Disclosures 35

Item 5. Other Information 35

Item 6. Exhibits 36

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Information

FINJAN HOLDINGS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands, except shares and par value)

	June 30, 2018	December 31, 2017
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 65,014	\$ 41,169
Accounts receivable	5,150	2,606
Prepaid expenses and other current assets	799	765
Total current assets	70,963	44,540
Property and equipment, net	119	140
Investment	3,168	2,618
Intangible assets, net	6,484	7,748
Other long-term assets	2,918	6,201
Total assets	\$ 83,652	\$ 61,247
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 2,936	\$ 4,646
Accounts payable - related parties	13	112
Accrued expenses	1,896	1,303
Accrued income taxes	5,054	13
Warrant liability	3,495	1,096
Other liabilities, current - other	7	86
Other liabilities, current - patent purchase	1,000	1,000
Total current liabilities	14,401	8,256
Other liabilities, non-current - patent purchase	4,583	5,500
Total liabilities	18,984	13,756
Commitments and contingencies (Note 2)		
Redeemable Preferred Stock		
Series A-1 Preferred stock - \$0.0001 par value, no shares and 153,000 issued and outstanding at June 30, 2018 and December 31, 2017, respectively (Liquidation preference of \$19,890 at December 31, 2017)	—	18,965
Stockholders' equity		
Preferred stock - \$0.0001 par value; 10,000,000 shares authorized; 153,000 shares designated Series A-1 Redeemable Preferred Stock at December 31, 2017	—	—
Common stock - \$0.0001 par value; 80,000,000 shares authorized; 27,172,924 and 27,707,328 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	3	3
Additional paid-in capital	23,005	22,968
Retained earnings	41,660	5,555
Total stockholders' equity	64,668	28,526

Total liabilities and stockholders' equity	\$ 83,652	\$ 61,247
--	-----------	-----------

The accompanying notes are an integral part of the condensed consolidated financial statements

1

Table of Contents

FINJAN HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months		Six Months Ended	
	Ended		June 30,	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues	\$17,300	\$2,309	\$82,300	\$27,056
Cost of revenues	1,601	225	14,601	4,008
Gross profit	15,699	2,084	67,699	23,048
Research and development expense	522	334	984	487
Selling, general and administrative expenses	5,868	4,635	14,175	9,172
Total operating expenses	6,390	4,969	15,159	9,659
Income (loss) from operations	9,309	(2,885)	52,540	13,389
Other income (expense)				
Change in fair value of warrant liability	(293)	—	(2,399)	