

NEKTAR THERAPEUTICS
Form 8-K
January 09, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): January 9, 2018

NEKTAR THERAPEUTICS

(Exact Name of Registrant as Specified in Charter)

Delaware	0-24006	94-3134940
(State or Other Jurisdiction	(Commission	(IRS
of Incorporation)	File Number)	Employer
		Identification
		No.)

455 Mission Bay Boulevard South

San Francisco, California 94158

(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: (415) 482-5300

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

Please see the disclosure relating to the estimated cash and investments in market securities of Nektar Therapeutics, a Delaware corporation (the “Company”), set forth under Item 8.01 “Other Events” of this Current Report on Form 8-K, which is incorporated by reference into this Item 2.02.

Item 8.01 Other Events.

On January 3, 2018, the Company announced that President and Chief Executive Officer, Howard W. Robin, will make a presentation at the upcoming 36th Annual J.P. Morgan Healthcare Conference in San Francisco on Tuesday, January 9, 2018, at 11:00 a.m. Pacific Time. The presentation will be accessible via a Webcast through a link posted on the Investors, Investor Events section of the Nektar website: <http://www.nektar.com>. In addition, the Company will webcast the Q&A breakout session immediately following its presentation at 11:30 a.m. Pacific Time. This Webcast will be available for replay until February 20, 2018.

As part of the presentation, Mr. Robin intends to announce that, based upon the Company’s preliminary estimates, as of December 31, 2017, the Company had cash and investments of \$353.2 million. This financial information has been prepared by and is the responsibility of the Company’s management and has not been audited by the Company’s independent registered public accounting firm. Accordingly, the Company’s independent registered public accounting firm does not express an opinion on or provide any other form of assurance with respect to this preliminary data. This financial information is subject to the completion of the Company’s year-end financial closing procedures, the preparation of the Company’s consolidated financial statements, and the completion of the audit of the Company’s consolidated financial statements as of and for the year ended December 31, 2017, and the Company’s actual results may differ from these estimates.

The Company expects the presentation and Q&A breakout session will include certain forward-looking statements regarding the Company’s business and proprietary drug candidates. Actual results could differ materially from these forward-looking statements, which are subject to important risks and uncertainties set forth in the Company’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 8, 2017. The Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

By: /s/ Mark A. Wilson
Mark A. Wilson
General Counsel and Secretary

Date: January 9, 2018

N="1" VALIGN="bottom" WIDTH="4%">993.9 3,769.5 4,226.4 2,461.2 3,040.0

Net assets

615.9 2,784.7 3,666.5 1,639.5 2,432.3

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Subscribed capital

50.0 50.0 60.0 50.0 60.0

- (1) The results for the year ended December 31, 2000 include the results of operations from the commencement of operations of ZN on April 28, 2000 through December 31, 2000.
- (2) New shares were issued November 6, 2002 and they shared in the results for the full fiscal year 2002.
- (3) The disposition of the participation in Visiomed in 2002 is reflected in the extraordinary non-cash loss of 2,291,000. The intangible, fixed and financial assets include the increase in the participation of 2,138,000 in the year 2001 and the disposition thereof of 2,188,000 in the year 2002.
- (4) The loss from discontinued operations represents the losses of Visiomed recorded in accordance with United States GAAP. The loss in 2002 includes the loss recognized on the disposition of the assets.
- (5) The financial results for the six-month periods ended June 30, 2002 and 2003 are unaudited.

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EXCHANGE RATE INFORMATION

On September 25, 2003, the latest practicable date prior to the filing of this proxy statement, the rate of exchange of Euros for United States dollars was 1.15010.

The following table presents the high and low rates of exchange of Euros for United States dollars for the periods indicated:

Period	High	Low
August 1, 2003 through August 31, 2003	1.14260	1.07870
July 1, 2003 through July 31, 2003	1.16080	1.11100
June 1, 2003 through June 30, 2003	1.19300	1.13990
May 1, 2003 through May 31, 2003	1.19090	1.10600
April 1, 2003 through April 30, 2003	1.10860	1.05580
March 1, 2003 through March 31, 2003	1.10590	1.05000
February 1, 2003 through February 28, 2003	1.08840	1.06650
January 1, 2003 through January 31, 2003	1.08580	1.03330

The following table presents the average rates of exchange of Euros for United States dollars for each of the years indicated:

Year Ended December 31,	Average Rate of Exchange
1999	1.06677
2000	0.92492
2001	0.89650
2002	0.94590

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UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On March 28, 2003, we entered into a securities purchase agreement pursuant to which we will acquire all the outstanding share capital of ZN and assume the obligations under the ZN option plan. The acquisition is expected to close not later than October 15, 2003. Pursuant to the securities purchase agreement, the ZN shareholders agreed to sell, and we agreed to purchase, all of the issued and outstanding share capital of ZN. As consideration for the shares of ZN, we will issue an aggregate of 6,360,000 shares of our common stock, of which 5,221,454 shares will be issued directly to the ZN shareholders and 1,138,546 shares will be reserved for issuance under the ZN option plan. In addition, we will pay directly to the ZN shareholders \$493 in cash consideration for their shares and 10,741 (which, based on the September 25, 2003 Euro to U.S. dollar exchange rate of 1.15010 equals approximately \$12,353), as part of our assumption of the ZN option plan. Shares used in calculating the purchase price include the shares that will be issued to the ZN shareholders as well as shares reserved for issuance under the ZN option plan. Deferred compensation has been recorded for the unrecognized compensation expense related to the unvested employee stock options. The number of shares we will be required to issue to the ZN shareholders and reserve for issuance under the ZN share option plan will be reduced if ZN's net book value is less than a specified amount on the closing date. To the extent that options under the ZN option plan are not exercised, shares of our common stock reserved for issuance under the ZN option plan will be issued to the ZN shareholders who initially donated their ZN shares to establish the ZN option plan. Viisage anticipates incurring fees of approximately \$2.3 million in connection with this acquisition.

For purposes of the accompanying unaudited pro forma combined financial statements, amounts denominated in Euros on ZN's financial statements have been converted into United States dollars using the average exchange rate for the appropriate period. In addition, adjustments have been made to present ZN's financial statements in accordance with generally accepted accounting principles in the United States of America.

The accompanying unaudited pro forma combined condensed balance sheet is presented as if the acquisition occurred on June 29, 2003. The unaudited pro forma and combined condensed statements of operations are presented as if the acquisition had occurred on January 1, 2002 for the year ended December 31, 2002 and for the six month period ended June 29, 2003. All material adjustments to reflect the acquisition are set forth in the column Pro Forma Adjustments.

The pro forma data is for informational purposes only and may not necessarily reflect future results of operations and financial position or what the results of operations or financial position would have been had Viisage and ZN been operating as a combined entity for the periods presented. The unaudited pro forma combined condensed financial statements should be read in conjunction with the historical financial statements, including the notes thereto, of Viisage and ZN included elsewhere in this proxy statement.

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(In thousands, except per share data)

(Unaudited)

For the period ending	June 29, 2003 Viisage Technology, Inc.	June 30, 2003 ZN Vision Technologies AG	Pro Forma Adjustments	Pro Forma Consolidated
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,173	\$ 1,533	\$ (12) ^(a)	\$ 2,694
Accounts receivable	6,805	294		7,099
Costs & estimated earnings in excess of billings	24,406			24,406
Other current assets	591	454		1,045
Total current assets	32,975	2,281	(12)	35,244
Property and equipment, net	15,454	159		15,613
Goodwill			16,196 ^(d)	16,196
Intangible assets, net	3,018	1,038	13,579 ^(d) (2,782) ^(c)	14,853
Restricted cash	5,120			5,120
Other assets	1,887		12 ^(a) 1,087 ^(b) 27,475 ^(a) (29,775) ^(d) 114 ^(e)	800
Total assets	\$ 58,454	\$ 3,478	\$ 25,894	\$ 87,826
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued expenses	\$ 7,371	\$ 696	\$ 1,087 ^(b)	\$ 9,154
Current portion of project financing	6,174			6,174
Total current liabilities	13,545	696	1,087	15,328
Project financing	8,839			8,839
Total liabilities	22,384	696	1,087	24,167
Shareholders' equity:				
Common Stock	20	69	(69) ^(c) 6 ^(a)	26
Additional paid-in capital	63,549	16,916	(16,916) ^(c) 114 ^(e) 27,469 ^(a)	91,132
Accumulated deficit	(27,499)	(14,203)	14,203 ^(c)	(27,499)
Total shareholders' equity	36,070	2,782	24,807	63,659
Total liabilities and shareholders' equity	\$ 58,454	\$ 3,478	\$ 25,894	\$ 87,826



See accompanying notes to pro forma condensed consolidated financial statements.

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	Years Ended		Pro Forma Adjustments	Pro Forma Consolidated
	12/31/02 Viisage Technology, Inc.	12/31/02 ZN Vision Technologies AG		
Revenue	\$ 32,302	\$ 1,340	\$	\$ 33,642
Cost of revenues	25,239	547		25,786
Gross margin	7,063	793		7,856
Operating expenses:				
Sales and marketing	5,368	1,370		6,738
Research and development	4,457	1,340		5,797
General and administrative	5,069	2,885	1,923 ^(f)	9,877
Acquisition expense	824			824
Total operating expenses	15,718	5,595	1,923	23,236
Operating loss	(8,655)	(4,802)	(1,923)	(15,380)
Interest income (expense)	(875)	36		(839)
Loss before income taxes	(9,530)	(4,766)	(1,923)	(16,219)
Provision for income taxes				
Net loss	\$ (9,530)	\$ (4,766)	\$ (1,923)	\$ (16,219)
Basic and diluted loss per share	\$ (0.48)	\$ (91.64)		\$ (0.61)
Weighted average shares outstanding	20,046	52	(52) ^(c) 6,360 ^{(a)(g)}	26,406

See accompanying notes to pro forma condensed consolidated financial statements.

Table of Contents**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS****(In thousands, except per share data)****(Unaudited)**

	Six Months Ended		Pro Forma Adjustments	Pro Forma Consolidated
	June 29, 2003 Viisage Technology, Inc.	June 30, 2003 ZN Vision Technologies AG		
Revenues	\$ 18,775	\$ 633	\$	\$ 19,408
Cost of revenues	14,787	535		15,322
Gross margin	3,988	98		4,086
Operating expenses:				
Sales and marketing	2,549	960		3,509
Research and development	1,882	941		2,823
General and administrative	2,126	527	962 ^(f)	3,615
Total operating expenses	6,557	2,428	962	9,947
Operating loss	(2,569)	(2,330)	(962)	(5,861)
Interest income (expense)	(450)	72		(378)
Loss before income taxes	(3,019)	(2,258)	(962)	(6,239)
Provision for income taxes	63			63
Net loss	\$ (3,082)	\$ (2,258)	\$ (962)	\$ (6,302)
Basic and diluted loss per share	\$ (0.15)	\$ (37.63)		\$ (0.24)
Weighted average shares outstanding	20,305	60	(60) ^(c) 6,360 ^{(a)(g)}	26,665

See accompanying notes to pro forma condensed consolidated financial statements.

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**NOTES TO THE UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

1. Basis of Presentation

The accompanying unaudited pro forma condensed consolidated financial statements and related notes are unaudited. In the opinion of management, the pro forma financial statements include all adjustments necessary for a fair presentation of the companies' financial position and results of operations for the periods presented. These financial statements should be read in conjunction with the audited financial statements and accompanying notes included in this proxy statement.

In accordance with the rules and regulations of the SEC, unaudited financial statements may omit or condense information and disclosures normally required for a complete set of financial statements prepared in accordance with generally accepted accounting principles. However, management believes that the notes to the financial statements contain disclosures adequate to make the information presented not misleading.

The pro forma financial statements are prepared in conformity with generally accepted accounting principles, which require management to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

The unaudited pro forma financial statements are presented for illustrative purposes only and are not necessarily indicative of the future financial position or future results of operations of the combined company.

The pro forma financial statements have been prepared on the basis of assumptions relating to the allocation of the consideration paid to the acquired assets and liabilities of ZN, based on management's best estimates.

Following is a summary of the preliminary estimate of the total purchase price (in thousands, as of June 29, 2003):

Value of 6,360,000 shares of Viisage common stock issued	\$ 27,475 ⁽¹⁾
Liabilities assumed	696
Cash paid	12
Direct acquisition costs	2,289
	<hr/>
Total purchase price	\$ 30,472
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⁽¹⁾ Calculated assuming a value of Viisage common stock of \$4.32 per share, which is the average trading price of Viisage common stock over the five trading days including March 28, 2003, the date on which the securities purchase agreement was signed, and the two trading days immediately preceding and the two trading days immediately following March 28, 2003, as reported on the Nasdaq National Market.

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Based upon the preliminary estimate of fair market values of the assets acquired on the effective date of the acquisition, the purchase price was allocated as follows (in thousands, as of March 30, 2003):

Current assets	\$ 2,281
Property and equipment	159
Identified intangible assets	11,836
Goodwill	16,196
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Net assets acquired	\$ 30,472
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Set forth in the table below is a list of the intangible assets of ZN, by category, the preliminary value attributable to, and the amortization period applicable to, each such category.

Intangible Assets	Preliminary Value	Amortization Period
Patents, trademarks and licenses	\$ 5,798	7 Years
Customer list	3,000	7 Years
Contracts	2,000	3 Years
Capitalized software and other	1,038	3 Years
	\$ 11,836	

The allocation of the purchase price to specific assets is based, in part, upon management's appraisal of long-lived assets acquired. The allocation is preliminary at this time.

2. Pro Forma Adjustments

The following pro forma adjustments have been made to the historical financial statements of the combined company based upon assumptions made by management for the purpose of preparing the unaudited pro forma condensed consolidated statements of operations and the pro forma condensed consolidated balance sheet.

- (a) To record the issuance of 5,221,454 shares of Viisage common stock, the value of options to purchase 1,138,546 shares of Viisage common stock (a total of 6,360,000 shares) and cash paid in connection with the acquisition of ZN (see footnote (f) below). This is to account for the cash element of the purchase price.
- (b) To accrue the additional acquisition costs:

ACQUISITION COST SUMMARY

	Actual		
	June 29, 2003	Accrued	Total
Legal and Audit	\$ 488,000	\$ 300,000	\$ 788,000
Outside consultants	46,000	21,000	67,000
Investment Banker	668,000	666,000	1,334,000
Miscellaneous printing, mailing, filing fees		100,000	100,000
	\$ 1,202,000	\$ 1,087,000	\$