

ENZO BIOCHEM INC
Form 10-Q
March 09, 2016
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 January 31, 2016

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 001-09974

ENZO BIOCHEM, INC.

(Exact name of registrant as specified in its charter)

New York
(State or Other Jurisdiction
of Incorporation or Organization)

13-2866202
(IRS. Employer
Identification No.)

527 Madison Ave, New York, New York

10022

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(Address of Principal Executive office)

(Zip Code)

212-583-0100

(Registrant's telephone number, including area code)

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 has 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 45 of Regulation S-T (§232.405 of that chapter) 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, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

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 March 2, 2016, the Registrant had approximately 46,093,000 shares of common stock outstanding.

ENZO BIOCHEM, INC.
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January 31, 2016

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Part 1 Financial Information**Item 1** Financial Statements**ENZO BIOCHEM, INC.****CONSOLIDATED BALANCE SHEETS****(in thousands, except share data)**

	January 31, 2016 (unaudited)	July 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 37,016	\$ 18,109
Accounts receivable, net of allowances	12,877	12,109
Other receivables	—	6,650
Inventories	7,395	7,396
Prepaid expenses and other	1,866	2,222
Total current assets	59,154	46,486
Property, plant and equipment, net	8,730	7,948
Goodwill	7,452	7,452
Intangible assets, net	5,221	6,155
Other assets	349	353
Total assets	\$ 80,906	\$ 68,394
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Loan payable	\$ 3,013	\$ 3,013
Accounts payable – trade	9,459	8,762
Accrued liabilities	9,556	11,297
Other current liabilities	2,476	886
Total current liabilities	24,504	23,958
Deferred taxes	30	37
Other liabilities	1,925	1,793
Total liabilities	\$ 26,459	\$ 25,788
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$.01 par value; authorized 25,000,000 shares; no shares issued or outstanding	—	—
Common Stock, \$.01 par value; authorized 75,000,000 shares; shares issued and outstanding: 46,092,518 at January 31, 2016 and 46,062,065 at July 31, 2015	461	461
Additional paid-in capital	325,253	324,966

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Accumulated deficit	(273,416)	(284,682)
Accumulated other comprehensive income	2,149	1,861
Total stockholders' equity	54,447	42,606
Total liabilities and stockholders' equity	\$ 80,906	\$68,394

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

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ENZO BIOCHEM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except per share data)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2016	2015	2016	2015
Revenues:				
Clinical laboratory services	\$ 17,523	\$ 14,725	\$ 34,613	\$ 30,547
Product revenues	6,578	7,723	14,265	15,725
Royalty and license fee income	459	644	859	1,644
Total revenues	24,560	23,092	49,737	47,916
Operating expenses:				
Cost of clinical laboratory services	10,535	9,246	20,867	19,376
Cost of product revenues	3,206	3,818	6,817	7,513
Research and development	861	834	1,728	1,625
Selling, general, and administrative	11,280	9,670	21,505	19,955
Provision for uncollectible accounts receivable	459	601	1,163	1,142
Legal fee expense	2,411	2,804	4,012	5,270
Legal settlements, net	(11,650)	—	(18,450)	—
Total operating expenses	17,102	26,973	37,642	54,881
Operating Income (loss)	7,458	(3,881)	12,095	(6,965)
Other income (expense):				
Interest	(42)	(49)	(82)	(118)
Other	11	(17)	65	2
Foreign exchange loss	(388)	(259)	(518)	(731)
Income (loss) before income taxes	7,039	(4,206)	11,560	(7,812)
(Provision) benefit for income taxes	(207)	115	(294)	(8)
Net income (loss)	\$ 6,832	\$ (4,091)	\$ 11,266	\$ (7,820)
Net income (loss) per common share:				
Basic	\$ 0.15	\$ (0.09)	\$ 0.24	\$ (0.17)
Diluted	\$ 0.15	\$ (0.09)	\$ 0.24	\$ (0.17)
Weighted average common shares outstanding:				
Basic	46,077	45,000	46,070	44,782
Diluted	46,518	45,000	46,353	44,782

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

ENZO BIOCHEM, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)
(in thousands)

	Three Months		Six Months	
	Ended		Ended	
	January 31,		January 31,	
	2016	2015	2016	2015
Net income (loss)	\$6,832	\$(4,091)	\$11,266	\$(7,820)
Other comprehensive income (loss):				
Foreign currency translation adjustments	226	35	288	143
Comprehensive income (loss)	\$7,058	\$(4,056)	\$11,554	\$(7,677)

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

ENZO BIOCHEM, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Six months ended January 31, 2016
(UNAUDITED)
(in thousands, except share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance at July 31, 2015	46,062,065	\$ 461	\$ 324,966	\$ (284,682)	\$ 1,861	\$ 42,606
Net income for the period ended January 31, 2016	—	—	—	11,266	—	11,266
Vesting of restricted stock	6,751	—	—	—	—	—
Exercise of stock options	23,702	—	66	—	—	66
Share-based compensation charges	—	—	221	—	—	221
Foreign currency translation adjustments	—	—	—	—	288	288
Balance at January 31, 2016	46,092,518	\$ 461	\$ 325,253	\$ (273,416)	\$ 2,149	\$ 54,447

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

ENZO BIOCHEM, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Six Months Ended January 31,	
	2016	2015
Cash flows from operating activities:		
Net income (loss)	\$11,266	\$(7,820)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization of property, plant and equipment	1,059	1,014
Amortization of intangible assets	843	859
Provision for uncollectible accounts receivable	1,170	1,142
Deferred income tax benefit	(5)	(48)
Share-based compensation charges	221	203
Accrual for share-based 401(k) employer match expense	439	296
Foreign exchange loss	333	570
Changes in operating assets and liabilities:		
Accounts receivable	(1,952)	(524)
Other receivables	6,650	—
Inventories	(20)	306
Prepaid expenses and other		