

CHEMBIO DIAGNOSTICS, INC.
Form 10-Q
November 08, 2018

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, 2018

OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from: _____ to _____

000-30379
(Commission File Number)

Chembio Diagnostics, Inc.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation)

88-0425691
(IRS Employer Identification Number)

3661 Horseblock Road
Medford, New York 11763
(Address of principal executive offices including zip code)
(631) 924-1135
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated

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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.

Yes No

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 5, 2018, the Registrant had 17,187,184 shares outstanding of its \$.01 par value common stock.

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Quarterly Report on Form 10-Q
For The Quarterly Period Ended
September 30, 2018

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EXHIBITS

The words “we,” “our,” “us,” and “Chembio” refer to Chembio Diagnostics, Inc., unless otherwise we indicate.

STAT-PAK, STAT-VIEW, SURE CHECK and DPP are our registered trademarks, and our logo design is our trademark. For convenience, these trademarks appear in this Quarterly Report on Form 10-Q supplement without ® and ™ symbols, but that practice does not mean that we will not assert, to the fullest extent under applicable law, our rights to the trademarks.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “might,” “will,” “objective,” “intend,” “should,” “could,” “can,” “would,” “expect,” “believe,” “anticipate,” “project,” “target,” “predict,” “potential,” “plan” or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on our management’s belief and assumptions and on information currently available to our management. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these statements relate to future events or our future operational or financial performance, and involve known and unknown risks, uncertainties and other factors, including those described or incorporated by reference in “Item 1A. Risk Factors” of Part II of this report, that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

Any forward-looking statement made by us in this report speaks only as of the date on which it is made. Except as required by law, we assume no obligation to update these statements publicly or to update the reasons actual results could differ materially from those anticipated in these statements, even if new information becomes available in the future.

You should read this report, and the documents that we reference in this report, including exhibits that are being filed as part of this report, completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

PART I

Item 1. FINANCIAL STATEMENTS

CHEMBIO DIAGNOSTICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	December 31, 2017
- ASSETS -		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,848,583	\$ 3,790,302
Accounts receivable, net of allowance for doubtful accounts of \$42,000 at September 30, 2018 and December 31, 2017, respectively	7,794,014	2,085,340
Inventories, net	5,978,426	4,423,618
Prepaid expenses and other current assets	1,579,750	554,383
TOTAL CURRENT ASSETS	22,200,773	10,853,643
FIXED ASSETS, net of accumulated depreciation	2,372,896	1,909,232
OTHER ASSETS:		
Intangible assets, net	1,431,921	1,597,377
Goodwill	1,628,864	1,666,610
Deposits and other assets	331,423	589,159
	3,392,208	3,853,146
TOTAL ASSETS	\$ 27,965,877	\$ 16,616,021
- LIABILITIES AND STOCKHOLDERS' EQUITY -		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 6,798,600	\$ 3,046,303
Deferred revenue	760,750	50,000
Current portion of note payable	202,096	-
TOTAL CURRENT LIABILITIES	7,761,446	3,096,303
OTHER LIABILITIES:		
Notes payable	207,694	99,480
Deferred tax liability	333,318	341,042
TOTAL LIABILITIES	8,302,458	3,536,825
COMMITMENTS AND CONTINGENCIES (Note 6)		
STOCKHOLDERS' EQUITY:		
Preferred stock - 10,000,000 shares authorized; none outstanding	-	-
Common stock - \$.01 par value; 100,000,000 shares authorized; 14,173,620 and 12,318,570 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	141,736	123,185
Additional paid-in capital	74,108,046	62,821,288
Accumulated deficit	(54,739,124) (50,044,225
Accumulated other comprehensive income	152,761	178,948

TOTAL STOCKHOLDERS' EQUITY	19,663,419	13,079,196
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 27,965,877	\$ 16,616,021

See accompanying notes to condensed consolidated financial statements

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CHEMBIO DIAGNOSTICS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2018	September 30, 2017	2018	September 30, 2017
REVENUES:				
Net product sales	\$ 7,856,038	\$ 6,132,725	\$21,112,126	\$ 14,453,097
License and royalty revenue	228,553	150,000	707,010	477,631
R&D, milestone and grant revenue	1,292,202	1,304,649		