

CODEXIS INC
Form 10-Q
November 06, 2015
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 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 number: 001-34705

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

Delaware
(State or other jurisdiction of incorporation or organization) 71-0872999
(I.R.S. Employer Identification No.)

200 Penobscot Drive, Redwood City
(Address of principal executive offices) 94063
(Zip Code)
(650) 421-8100
(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, 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 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 (§232.405 of this chapter) 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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 October 30, 2015, there were 40,306,967 shares of the registrant's Common Stock, par value \$0.0001 per share, outstanding.

Codexis, Inc.
 Quarterly Report on Form 10-Q
 For The Three Months Ended September 30, 2015

TABLE OF CONTENTS

	PAGE NUMBER
PART I. FINANCIAL INFORMATION	
ITEM 1: Financial Statements (Unaudited)	
<u>Condensed Consolidated Balance Sheets</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income (Loss)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
ITEM 2: <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>26</u>
ITEM 3: <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>34</u>
ITEM 4: <u>Controls and Procedures</u>	<u>36</u>
 <u>PART II. OTHER INFORMATION</u>	
ITEM 1: <u>Legal Proceedings</u>	<u>37</u>
ITEM 1A: <u>Risk Factors</u>	<u>37</u>
ITEM 2: <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>37</u>
ITEM 3: <u>Default Upon Senior Securities</u>	<u>37</u>
ITEM 4: <u>Mine Safety Disclosures</u>	<u>37</u>
ITEM 5: <u>Other Information</u>	<u>38</u>
ITEM 6: <u>Exhibits</u>	<u>38</u>
<u>Signatures</u>	

Codexis, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

(In Thousands, Except Per Share Amounts)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,963	\$ 26,487
Accounts receivable, net of allowances of \$421 at September 30, 2015 and \$428 at December 31, 2014	13,608	3,870
Inventories	678	1,395
Prepaid expenses and other current assets	1,092	1,255
Total current assets	32,341	33,007
Restricted cash	786	711
Marketable securities	1,231	688
Property and equipment, net	2,821	3,995
Intangible assets, net	3,655	6,186
Goodwill	3,241	3,241
Other non-current assets	265	294
Total assets	\$ 44,340	\$ 48,122
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,174	\$ 4,673
Accrued compensation	2,554	2,946
Other accrued liabilities	2,151	2,619
Deferred revenue	6,949	3,497
Total current liabilities	12,828	13,735
Deferred revenue, net of current portion	4,316	3,813
Other long-term liabilities	3,888	4,263
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 5,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.0001 par value; 100,000 shares authorized at September 30, 2015 and December 31, 2014; shares issued and outstanding of 40,300 at September 30, 2015 and 39,563 at December 31, 2014	4	4
Additional paid-in capital	304,561	302,379
Accumulated other comprehensive income (loss)	201	(142)
Accumulated deficit	(281,458)	(275,930)
Total stockholders' equity	23,308	26,311
Total liabilities and stockholders' equity	\$ 44,340	\$ 48,122

See accompanying notes to the unaudited condensed consolidated financial statements

Codexis, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)
(In Thousands, Except Per Share Amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues:				
Biocatalyst product sales	\$1,818	\$2,562	\$6,915	\$8,323
Biocatalyst research and development	14,517	3,364	19,247	7,176
Revenue sharing arrangement	1,066	1,546	4,056	5,617
Total revenues	17,401	7,472	30,218	21,116
Costs and operating expenses:				
Cost of biocatalyst product sales	1,302	1,532	4,009	6,179
Research and development	4,994	5,038	15,457	17,708
Selling, general and administrative	5,415	5,157	16,289	16,791
Total costs and operating expenses	11,711	11,727	35,755	40,678
Income (loss) from operations	5,690	(4,255)) (5,537)) (19,562)
Interest income	4	3	12	15
Other expenses	(26)) (57)) (147)) (183)
Income (loss) before income taxes	5,668	(4,309)) (5,672)) (19,730)
Provision for (benefit from) income taxes	274	253	(144)) (314)
Net income (loss)	\$			