

INTEGRATED BIOPHARMA INC  
Form 10-Q  
February 13, 2019

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington D.C. 20549**

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**FORM 10-Q**

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

For the quarterly period ended December 31, 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 001-31668

**INTEGRATED BIOPHARMA, INC.**

*(Exact name of registrant, as specified in its charter)*

**Delaware 22-2407475**

*(State or other jurisdiction of (I.R.S. Employer*

*incorporation or organization) Identification No.)*

**225 Long Ave., Hillside, New Jersey 07205**

*(Address of principal executive offices) (Zip Code)*

**(888) 319-6962**

*(Registrant's telephone number, including Area Code)*

**Not Applicable**

*(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 and 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 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<br>filer | Accelerated<br>filer | Non-accelerated<br>filer | Emerging growth<br>company | Smaller reporting<br>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 whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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As of February 13, 2019, there were 29,565,943 shares of common stock, \$0.002 par value per share (“Common Stock”), of the registrant outstanding.

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**INTEGRATED BIOPHARMA, INC. AND SUBSIDIARIES**

**FORM 10-Q QUARTERLY REPORT**

**For the three and six months ended December 31, 2018**

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## Cautionary Statement Regarding Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Act of 1934, as amended (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the Securities and Exchange Commission (“SEC”), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Integrated BioPharma, Inc. and its subsidiaries (collectively, the “Company”) or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, changes in general economic and business conditions; loss of market share through competition; introduction of competing products by other companies; the timing of regulatory approval and the introduction of new products by the Company; changes in industry capacity; pressure on prices from competition or from purchasers of the Company's products; regulatory changes in the pharmaceutical manufacturing industry and nutraceutical industry; regulatory obstacles to the introduction of new technologies or products that are important to the Company; availability of qualified personnel; the loss of any significant customers or suppliers; and other factors both referenced and not referenced in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2018 (“Form 10-K”), as filed with the SEC. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words, “plan”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “project”, “may”, “will”, “would”, “could”, “should”, “seeks”, or “scheduled to”, or other similar words, negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws. The Company cautions investors that any forward-looking statements made by the Company are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to the Company, include, but are not limited to, the risks and uncertainties affecting its businesses described in Item 1 of the Company’s Form 10-K and in other securities filings by the Company. Although the Company believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any of the forward-looking statements. The Company’s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this Quarterly Report on Form 10-Q are made only as of the date hereof and the Company does not have or undertake any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

## ITEM 1. FINANCIAL STATEMENTS

**INTEGRATED BIOPHARMA, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
*(in thousands, except for share and per share amounts)*
**(Unaudited)**

|  | Three months ended<br>December 31, |            | Six months ended<br>December 31, |            |
|--|------------------------------------|------------|----------------------------------|------------|
|  | 2018                               | 2017       | 2018                             | 2017       |
| Sales, net   | \$12,001                           | \$10,800   | \$22,305                         | \$20,570   |
| Cost of sales                                      | 10,671                             | 9,752      | 19,756                           | 18,517     |
| Gross profit                                       | 1,330                              | 1,048      | 2,549                            | 2,053      |
| Selling and administrative expenses                | 843                                | 850        | 1,657                            | 1,644      |
| Operating income                                   | 487                                | 198        | 892                              | 409        |
| Other income (expense), net                        |                                    |            |                                  |            |
| Interest expense                                   | (190                               | ) (229     | ) (390                           | ) (462     |
| Change in fair value of derivative liabilities     | -                                  | 185        | 9                                | 67         |
| Impairment on investment in iBio, Inc.             | -                                  | (168       | ) -                              | (251       |
| Other income, net                                  | 7                                  | 4          | 7                                | 4          |
| Other income (expense), net                        | (183                               | ) (208     | ) (374                           | ) (642     |
| Income (loss) before income taxes                  | 304                                | (10        | ) 518                            | (233       |
| Income tax expense, net                            | 58                                 | 338        | 113                              | 294        |
| Net income (loss)                                  | \$246                              | \$(348     | ) \$405                          | \$(527     |
| Basic net income (loss) per common share           | \$0.01                             | \$(0.02    | ) \$0.01                         | \$(0.02    |
| Diluted net income (loss) per common share         | \$0.01                             | \$(0.02    | ) \$0.01                         | \$(0.02    |
| Weighted average common shares outstanding - basic | 29,392,030                         | 21,135,174 | 28,305,408                       | 21,135,174 |
| Add: Equivalent shares outstanding                 | 506,327                            | -          | 600,837                          | -          |