

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) May 14, 2020

ENCISION, INC.

(Exact name of registrant as specified in its charter)

| | | |
|--|---|--|
| Colorado (State or other jurisdiction of incorporation) | 0-28604 (Commission File Number) | 84-1162056 (I.R.S. Employer Identification No.) |
| 6797 Winchester Circle, Boulder, Colorado (Address of principal executive offices) | | 80301 (Zip Code) |
| Registrant's telephone number, including area code | | (303) 444-2600 |

(Former name or former address, if changed since last report.)

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 (see General Instruction A.2. below):

- 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))

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.

May 14, 2020

Encision Reports Fourth Quarter Fiscal Year 2020 Results

Boulder, Colorado, May 14, 2020 -- Encision Inc. (PK:ECIA), a medical device company owning patented Active Electrode Monitoring (AEM®) Technology that prevents dangerous stray electrosurgical burns in minimally invasive surgery, today announced financial results for its fiscal 2020 fourth quarter that ended March 31, 2020.

The Company posted quarterly net revenue of \$1.78 million for a quarterly net loss of \$116 thousand, or \$(0.01) per diluted share. These results compare to net revenue of \$2.09 million for a quarterly net loss of \$183 thousand, or \$(0.02) per diluted share, in the year-ago quarter. Gross margin on net revenue was 53% in the fiscal 2020 and fiscal 2019 fourth quarters.

The Company posted twelve months net revenue of \$7.67 million for a twelve months net loss of \$198 thousand, or \$(0.02) per diluted share. These results compare to net revenue of \$8.80 million for a twelve months net loss of \$236 thousand, or \$(0.02) per diluted share, in the year-ago twelve months. Gross margin on net revenue was 52% in the fiscal 2020 twelve months and 53% in the fiscal 2019 twelve months. Gross margin on net revenue was lower in the fiscal 2020 twelve months as compared to the fiscal 2019 twelve months primarily as a result of higher labor and overhead costs, per unit of inventory.

“Starting in mid-February 2020, and through the end of March, we had a sudden decrease in revenue due to the COVID-19 Pandemic” said Gregory Trudel, President and CEO of Encision Inc. “Revenue for April was half of last year’s April revenue. As of the beginning of May, we are just starting to see the flow of non-essential procedures recommence and a corresponding uptick in sales revenue.”

In April, Encision entered into an unsecured promissory note under the Paycheck Protection Program (the “PPP”) for a principal amount of \$598,567. The PPP was established under the recently congressionally approved Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The term of the PPP loan is for two years with an interest rate of 1.0% per year, which will be deferred for the first six months of the term of the loan. After the initial six-month deferral period, the loan requires monthly payments of principal and interest until maturity with respect to any portion of the PPP loan which is not forgiven. Under the terms of the CARES Act, a PPP loan recipient may apply for, and be granted, forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined based upon the use of loan proceeds for payroll costs, rent and utility costs, and the maintenance of employee and compensation levels. “We’re pleased to have received the PPP funding” said Trudel. “This enabled us to maintain internal momentum in manufacturing, engineering innovation, and new AEM Technology products introduction.”

Trudel continued, “Encision entered into a Master Services Agreement with Auris Health, Inc. (“Auris Health”) in April. Auris Health is a part of the Johnson & Johnson family of companies. Under the agreement, Encision will collaborate on the integration of AEM technology into monopolar instrumentation produced by Auris Health for advanced surgical applications.”

“We are also looking forward to a new product introduction in the current fiscal year that will open new account opportunities, enable customers to reduce procedural costs, and drive revenue growth.”

Encision Inc. designs and markets a portfolio of high-performance surgical instrumentation that delivers advances in patient safety with AEM technology, surgical performance, and value to hospitals across a broad range of minimally invasive surgical procedures. Based in Boulder, Colorado, the company pioneered the development and deployment of Active Electrode Monitoring, AEM technology, to eliminate dangerous stray energy burns during minimally invasive procedures. For additional information about all our products, please visit www.encision.com.

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company notes that statements in this press release and elsewhere that look forward in time, which include everything other than historical information, involve risks and uncertainties that may cause actual results to differ materially from those indicated by the forward-looking statements. Factors that could cause the Company’s actual results to differ materially include, among others, its ability to develop new or enhanced products and have such products accepted in the market, its ability to increase net sales through the Company’s distribution channels, its ability to compete successfully against other manufacturers of surgical instruments, insufficient quantity of new account conversions, insufficient cash to fund operations, delay in developing new products and receiving FDA approval for such new products and other factors discussed in the Company’s filings with the Securities and Exchange Commission. Readers are encouraged to review the risk factors and other disclosures appearing in the Company’s Annual Report on Form 10-K for the year ended March 31, 2019 and subsequent filings with the Securities and Exchange Commission. We do not undertake any obligation to update publicly any forward-looking statements, whether as a result of the receipt of new information, future events, or otherwise.

CONTACT: Mala Ray, Encision Inc., 303-444-2600, mray@encision.com

Encision Inc.
Unaudited Condensed Statements of Operations
(in thousands, except per share information)

| | Three Months Ended | | Years Ended | |
|---|--------------------|----------------|----------------|----------------|
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Net revenue | \$1,778 | \$2,085 | \$7,670 | \$8,803 |
| Cost of revenue | 840 | 982 | 3,666 | 4,131 |
| Gross profit | 938 | 1,103 | 4,004 | 4,672 |
| Operating expenses: | | | | |
| Sales and marketing | 482 | 686 | 2,094 | 2,763 |
| General and administrative | 374 | 361 | 1,318 | 1,315 |
| Research and development | 181 | 237 | 748 | 780 |
| Total operating expenses | 1,036 | 1,284 | 4,160 | 4,858 |
| Operating loss | (98) | (181) | (156) | (186) |
| Interest expense and other expense, net | (18) | (2) | (42) | (50) |
| Loss before provision for income taxes | (116) | (183) | (198) | (236) |
| Provision for income taxes | — | — | — | — |
| Net loss | \$ (116) | \$ (183) | \$ (198) | \$ (236) |
| Net loss per share—basic and diluted | \$ (0.01) | \$ (0.02) | \$ (0.02) | \$ (0.02) |
| Weighted average number of shares— basic and diluted | 11,583 | 11,558 | 11,573 | 10,933 |

Encision Inc.
Unaudited Condensed Balance Sheets
(in thousands)

| | March 31, 2020 | March 31, 2019 |
|---|----------------|----------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 385 | \$ 273 |
| Restricted cash | — | 25 |
| Accounts receivable, net | 881 | 1,009 |
| Inventories, net | 1,626 | 1,473 |
| Prepaid expenses | 73 | 130 |
| Total current assets | 2,965 | 2,910 |
| Equipment, net | 207 | 250 |
| Patents, net | 229 | 249 |
| Right of use asset | 1,317 | — |
| Other assets | 19 | 19 |
| Total assets | \$ 4,737 | \$ 3,428 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Accounts payable | \$ 445 | \$ 579 |
| Line of credit | 370 | — |
| Accrued compensation | 219 | 296 |
| Other accrued liabilities | 96 | 126 |
| Accrued lease liability | 278 | — |
| Total current liabilities | 1,408 | 1,001 |
| Accrued lease liability | 1,145 | — |
| Deferred rent | — | 75 |
| Total liabilities | 2,553 | 1,076 |
| Common stock and additional paid-in capital | 24,232 | 24,202 |
| Accumulated (deficit) | (22,048) | (21,850) |
| Total shareholders' equity | 2,184 | 2,352 |
| Total liabilities and shareholders' equity | \$ 4,737 | \$ 3,428 |

Encision Inc.
Unaudited Condensed Statements of Cash Flows
(in thousands)

| | Years Ended | |
|--|----------------|----------------|
| | March 31, 2020 | March 31, 2019 |
| Operating activities: | | |
| Net loss | \$ (198) | \$ (236) |
| Adjustments to reconcile net loss to cash (used in) operating activities: | | |
| Depreciation and amortization | 138 | 182 |
| Share-based compensation expense | 31 | 37 |
| Provision for doubtful accounts, net | 32 | 6 |
| (Recovery from) provision for inventory obsolescence, net | (11) | 29 |
| Changes in operating assets and liabilities: | | |
| Right of use asset, net | 31 | — |
| Accounts receivable | 96 | (52) |
| Inventories | (142) | (64) |
| Prepaid expenses and other assets | 36 | (56) |
| Accounts payable | (134) | 111 |
| Accrued compensation and other accrued liabilities | (108) | (85) |
| Net cash (used in) operating activities | (229) | (128) |
| Investing activities: | | |
| Acquisition of property and equipment | (48) | (55) |
| Patent costs | (6) | (6) |
| Net cash (used in) investing activities | (54) | (61) |
| Financing activities: | | |
| Borrowings from credit facility, net change | 370 | — |
| Net proceeds from the issuance of common stock | — | 347 |
| Net cash generated by financing activities | 370 | 347 |
| Net increase in cash, cash equivalents and restricted cash | 87 | 158 |
| Cash, cash equivalents and restricted cash, beginning of period | 298 | 140 |
| Cash, cash equivalents and restricted cash, end of period | \$ 385 | \$ 298 |

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release issued by **ENCISION, INC., May 14, 2020**

SIGNATURES

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

ENCISION, INC.
(Registrant)

Date: May 14, 2020

/s/ Mala M Ray
Mala M Ray
Controller

Principal Accounting Officer