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 January 31, 2020

Commission file number 0-11254

ANIXA BIOSCIENCES, INC.

(Exact name of registrant as specified in its charter)

Delaware	11-2622630
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3150 Almaden Expressway, Suite 250 San Jose, CA	95118
(Address of principal executive offices)	(Zip Code)

(408) 708-9808

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of exchange on which registered
Common Stock, par value $.01 per share	ANIX	NASDAQ Capital Market

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 _X_ 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 _X_ 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 filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]		Accelerated filer [ ]
Non-accelerated filer [X]	Smaller reporting company [X]	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. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ___ No _X_

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

On March 9, 2020 the registrant had outstanding 21,007,077 shares of Common Stock, par value $.01 per share, which is the registrant's only class of common stock.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ANIXA BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS		(Unaudited) January 31, 2020		October 31, 2019
Current assets:				
Cash and cash equivalents	$	2,821,882	$	3,491,625
Short-term investments in certificates of deposit		2,870,000		2,350,000
Receivables		22,311		66,527
Prepaid expenses and other current assets		154,490		184,972
Total current assets		5,868,683		6,093,124
Property and equipment, net of accumulated depreciation of $110,013 and $95,015, respectively		201,361		200,569
Operating lease right-of-use asset		93,907		-
Total assets	$	6,163,951	$	6,293,693
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$	367,098	$	585,817
Accrued expenses		705,034		895,498
Operating lease liability		53,384		-
Total current liabilities		1,125,516		1,481,315
Operating lease liability non-current		40,835		-
Total liabilities		1,166,351		1,481,315
Commitments and contingencies (Note 9)				
Equity:				
Shareholders' equity:				
Preferred stock, par value $100 per share; 19,860 shares authorized; no shares issued or outstanding		-		-
Series A convertible preferred stock, par value $100 per share; 140 shares authorized; no shares issued or outstanding		-		-
Common stock, par value $.01 per share; 48,000,000 shares authorized; 20,841,309 and 20,331,754 shares issued and outstanding, respectively		208,413		203,317
Additional paid-in capital		189,646,000		186,849,299
Accumulated deficit		(184,409,806)		(181,817,263)
Total shareholders' equity		5,444,607		5,235,353
Noncontrolling interest (Note 1)		(447,007)		(422,975)
Total equity		4,997,600		4,812,378
Total liabilities and equity	$	6,163,951	$	6,293,693

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

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ANIXA BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Three Months Ended January 31,	
	2020	2019
Revenue	$ -	$ -
Operating costs and expenses:		
Amortization of patents	-	251,250
Research and development expenses (including non-cash share-based compensation expenses of $397,523 and $1,573,779, respectively)	1,490,588	2,247,272
General and administrative expenses (including non-cash share-based compensation expenses of $623,811 and $1,176,385, respectively)	1,139,281	2,066,456
Impairment in carrying amount of patent asset	-	418,750
Total operating costs and expenses	2,629,869	4,983,728
Loss from operations	(2,629,869)	(4,983,728)
Interest income	13,294	17,119
Loss before income taxes	(2,616,575)	(4,966,609)
Provision for income taxes	-	-
Net loss	(2,616,575)	(4,966,609)
Less: Net loss attributable to noncontrolling interest	(24,032)	(84,768)
Net loss attributable to common shareholders	$ (2,592,543)	$ (4,881,841)
Net loss per common share attributable to common shareholders:		
Basic and diluted	$ (0.13)	$ (0.25)
Weighted average common shares outstanding:		
Basic and diluted	20,703,882	19,170,591

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

ANIXA BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JANUARY 31, 2020 (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity	Non-controlling Interest	Total Equity
	Shares	Par Value					
Balance, October 31, 2019	20,331,754	$ 203,317	$ 186,849,299	$ (181,817,263)	$ 5,235,353	$ (422,975)	$ 4,812,378
Stock option compensation to employees and directors	-	-	963,880	-	963,880	-	963,880
Stock options issued to consultants	-	-	57,454	-	57,454	-	57,454
Common stock issued upon exercise of stock options	18,900	189	28,291	-	28,480	-	28,480
Common stock issued in at-the-market offering, net of offering expenses of $100,972	490,655	4,907	1,747,076	-	1,751,983	-	1,751,983
Net loss	-	-	-	(2,592,543)	(2,592,543)	(24,032)	(2,616,575)
Balance, January 31, 2020	20,841,309	$ 208,413	$ 189,646,000	$ (184,409,806)	$ 5,444,607	$ (447,007)	$ 4,997,600

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

ANIXA BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JANUARY 31, 2019 (UNAUDITED)

	Common Stock Shares	Common Stock Par Value	Additional Paid-in Capital	Accumulated Deficit	Total Shareholders' Equity	Non-controlling Interest	Total Equity
Balance, October 31, 2018	18,908,632	$ 189,086	$ 175,415,931	$ (170,170,209)	$ 5,434,808	$ (251,377)	$ 5,183,431
Stock option compensation to employees and directors	-	-	1,219,560	-	1,219,560	-	1,219,560
Stock options and warrants issued to consultants	-	-	46,219	-	46,219	-	46,219
Common stock issued upon exercise of stock options	10,000	100	22,600	-	22,700	-	22,700
Restricted stock award compensation to employee pursuant to stock incentive plan	-	-	1,484,385	-	1,484,385	-	1,484,385
Common stock issued in at-the-market offering, net of offering expenses of $67,161	551,603	5,516	2,148,068	-	2,153,584	-	2,153,584
Net loss	-	-	-	(4,881,841)	(4,881,841)	(84,768)	(4,966,609)
Balance, January 31, 2019	19,470,235	$ 194,702	$ 180,336,763	$ (175,052,050)	$ 5,479,415	$ (336,145)	$ 5,143,270

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

ANIXA BIOSCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended January 31,	
	2020	2019
Cash flows from operating activities:		
Reconciliation of net loss to net cash used in operating activities:		
Net loss	$ (2,616,575)	$ (4,966,609)
Stock option compensation to employees and directors	963,880	1,219,560
Stock options and warrants issued to consultants	57,454	46,219
Restricted stock award compensation to employee pursuant to stock incentive plan	-	1,484,385
Depreciation of property and equipment	14,998	6,130
Amortization of operating lease right-to-use asset, net of lease payments	312	-
Amortization of patents	-	251,250
Impairment in carrying amount of patent assets	-	418,750
Change in operating assets and liabilities:		
Receivables	44,216	203,897
Prepaid expenses and other current assets	30,482	(55,086)
Accounts payable	(218,719)	30,928
Accrued expenses	(190,464)	31,040
Net cash used in operating activities	(1,914,416)	(1,329,536)
Cash flows from investing activities:		
Disbursements to acquire short-term investments in certificates of deposit	(1,870,000)	-
Proceeds from maturities of short-term investments in certificates of deposit	1,350,000	250,000
Purchase of property and equipment	(15,790)	-
Net cash (used in) provided by investing activities	(535,790)	250,000
Cash flows from financing activities:		
Net proceeds from sale of common stock in at-the-market offering	1,751,983	2,153,584
Proceeds from exercise of stock options	28,480	22,700
Net cash provided by financing activities	1,780,463	2,176,284
Net (decrease) increase in cash and cash equivalents	(669,743)	1,096,748
Cash and cash equivalents at beginning of period	3,491,625	3,055,890
Cash and cash equivalents at end of period	$ 2,821,882	$ 4,152,638
Supplemental disclosure of non-cash investing and financing activities:		
Operating lease right-to-use asset	$ (106,221)	$ -
Operating lease liability	$ 106,299	$ -

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

ANIXA BIOSCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. BUSINESS AND FUNDING

Description of Business

As used herein, “we,” “us,” “our,” the “Company” or “Anixa” means Anixa Biosciences, Inc. and its consolidated subsidiaries. Our primary operations involve research and development of cancer therapeutics and diagnostics. Our cancer therapeutics programs consist of development of a vaccine against triple negative breast cancer (“TNBC”) and development of chimeric endocrine receptor T-cell (“CER-T”) technology, a novel form of CAR-T technology, initially focused on treating ovarian cancer. Our cancer diagnostics program consists of development of the artificial intelligence (AI) driven Cchek™ liquid biopsy platform for early cancer detection.

We hold an exclusive worldwide, royalty-bearing license to use certain intellectual property owned or controlled by The Cleveland Clinic Foundation (“Cleveland Clinic”) related to certain breast cancer vaccine technology developed at Cleveland Clinic. We are working in collaboration with Cleveland Clinic to develop a method to vaccinate women against contracting breast cancer, focused specifically on TNBC, the most lethal form of the disease. A specific protein, alpha-lactalbumin, has been identified that is only present during lactation in healthy women, but reappears in many forms of breast cancer, especially TNBC. Studies have shown that vaccinating against this protein prevents breast cancer in mice. We are working with researchers at Cleveland Clinic to advance this vaccine toward human clinical testing, and we are in the process of testing the clinical grade materials and upon completion we will be prepared to file an Investigational New Drug (“IND”) application with the U.S. Food and Drug Administration (“FDA”). We anticipate filing the IND mid-year of 2020. The IND application, after review and approval by the FDA, will enable us to begin testing our vaccine in human subjects.

Our subsidiary, Certainty Therapeutics, Inc. (“Certainty”), is developing immuno-therapy drugs against cancer. Certainty holds an exclusive worldwide, royalty-bearing license to use certain intellectual property owned or controlled by The Wistar Institute (“Wistar”) relating to Wistar’s CER-T technology. We have initially focused on the development of a treatment for ovarian cancer, but we may also pursue applications of the technology for the development of treatments for additional solid tumors. The license agreement requires Certainty to make certain cash and equity payments to Wistar. With respect to Certainty’s equity obligations to Wistar, Certainty issued to Wistar shares of its common stock equal to five percent (5%) of the common stock of Certainty.

Certainty, in collaboration with the H. Lee Moffitt Cancer Center and Research Institute, Inc. (“Moffitt”), is advancing toward human clinical testing its CER-T technology for treating ovarian cancer. Clinical grade materials are currently being manufactured and upon completion will undergo extensive testing. Once the materials have been successfully tested, we will be prepared to submit an IND application with the FDA. We anticipate filing the IND by the end of 2020. The IND application, after review and approval by the FDA, will enable us to begin testing our therapy in ovarian cancer patients.

Our subsidiary, Anixa Diagnostics Corporation ("Anixa Diagnostics"), is developing Cchek™, an AI driven platform of non-invasive blood tests for the early detection of cancer which is based on the body's immune response to the presence of a malignancy. We have demonstrated the efficacy of Cchek™ with 20 different types of cancer: breast, lung, colon, melanoma, ovarian, liver, thyroid, pancreatic, appendiceal, uterine, osteosarcoma, leiomyosarcoma, liposarcoma, vulvar, prostate, bladder, cervical, head and neck, gastric and testicular cancers. Breast, lung, colon and prostate cancers represent the four largest categories of cancer worldwide.

Based on a number of factors, including key scientific, clinical, and commercial considerations, for the past year the primary commercial focus for Cchek™ has been on developing a prostate cancer confirmatory test. In February 2019 we formed a strategic alliance with ResearchDx, a CLIA certified, CAP Accredited laboratory, to prepare the Cchek™ Prostate Cancer Confirmation ("Cchek™ PCC") test for launch as a laboratory developed test. In December 2019, upon completion of independent validation by ResearchDx, we announced the commercial launch of Cchek™ PCC. We are currently conducting a number of activities to support the marketing of Cchek™ PCC, including the development of marketing materials, education of key opinion leaders in urology and development of a reimbursement path for the test.

Over the next several quarters, we expect the development of our breast cancer vaccine, Certainty's CER-T technology and Anixa Diagnostic's Cchek™ to be the primary focus of the Company. As part of our legacy operations, the Company remains engaged in limited patent licensing activities in the area of encrypted audio/video conference calling. We do not expect these activities to be a significant part of the Company's ongoing operations nor do we expect these activities to require material financial resources or attention of senior management.

Over the past several years, our revenue was derived from technology licensing and the sale of patented technologies, including revenue from the settlement of litigation. We have not generated any revenue to date from our cancer therapeutics and diagnostics programs. In addition, while we pursue our cancer therapeutics and diagnostics programs, we may also make investments in and form new companies to develop additional emerging technologies.

Funding and Management's Plans

Based on currently available information as of March 9, 2020, we believe that our existing cash, cash equivalents, short-term investments and expected cash flows will be sufficient to fund our activities for the next twelve months. We have implemented a business model that conserves funds by collaborating with third parties to develop our technologies. However, our projections of future cash needs and cash flows may differ from actual results. If current cash on hand, cash equivalents, short-term investments and cash that may be generated from our business operations are insufficient to continue to operate our business, or if we elect to invest in or acquire a company or companies or new technology or technologies that are synergistic with or complementary to our technologies, we may be required to obtain more working capital. During the three months ended January 31, 2020, we raised approximately $1,752,000, net of expenses, through the sale of 490,655 shares of common stock in our at-the-market equity offerings. We raised approximately $427,000, net of expenses, through the sale of 112,238 shares of common stock in an at-the market equity offering which expired in November 2019 and approximately $1,325,000, net of expenses, through the sale of 378,417 shares of common stock in an at-the-market equity offering under which we may issue up to $50 million of common stock. Under our current at-the-market equity program which is currently effective and may remain available for us to use in the future, we may sell an additional approximately $48,587,000 of common stock. We may seek to obtain working capital during our fiscal year 2020 or thereafter through sales of our equity securities or through bank credit facilities or public or private debt from various financial institutions where possible. We cannot be certain that additional funding will be available on acceptable terms, or at all. If we do identify sources for additional funding, the sale of additional equity securities or convertible debt could result in dilution to our stockholders. We can give no assurance that we will generate sufficient cash flows in the future to satisfy our liquidity requirements or sustain future operations, or that other sources of funding, such as sales of equity or debt, would be available or would be approved by our security holders, if needed, on favorable terms or at all. If we fail to obtain additional working capital as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition. Furthermore, such lack of funds may inhibit our ability to respond to competitive pressures or unanticipated capital needs, or may force us to reduce operating expenses, which would significantly harm the business and development of operations.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, certain information and disclosures required by generally accepted accounting principles in annual financial statements have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related disclosures included in our Annual Report on Form 10-K for the year ended October 31, 2019. The accompanying October 31, 2019 condensed consolidated balance sheet data was derived from the audited financial statements but does not include all disclosures required by US GAAP. The condensed consolidated financial statements include all adjustments of a normal recurring nature which, in the opinion of management, are necessary for a fair statement of our financial position as of January 31, 2020, and results of operations and cash flows for the interim periods represented. The results of operations for the three months ended January 31, 2020 are not necessarily indicative of the results to be expected for the entire year.

Noncontrolling Interest

Noncontrolling interest represents Wistar's equity ownership in Certainty and is presented as a component of equity. The following table sets forth the changes in noncontrolling interest for the three months ended January 31, 2020:

Balance October 31, 2019	$ (422,975)
Net loss attributable to noncontrolling interest	(24,032)
Balance January 31, 2020	$ (447,007)

Revenue Recognition

Since fiscal 2016 our revenue has been derived solely from technology licensing and the sale of patented technologies. Revenue is recognized upon transfer of control of intellectual property rights and satisfaction of other contractual performance obligations to licensees in an amount that reflects the consideration we expect to receive.

On November 1, 2018 we adopted Accounting Standards Update 2014-09 ("ASU 2014-09"), Revenue from Contracts with Customers using the modified retrospective method. Upon adoption of ASU 2014-09 we are required to make certain judgments and estimates in connection with the accounting for revenue. Such areas may include determining the existence of a contract and identifying each party's rights and obligations to transfer goods and services, identifying the performance obligations in the contract, determining the transaction price and allocating the transaction price to separate performance obligations, estimating the timing of satisfaction of performance obligations, determining whether a promise to grant a license is distinct from other promised goods or services and evaluating whether a license transfers to a customer at a point in time or over time.

Our revenue arrangements provide for the payment of contractually determined, one-time, paid-up license fees in settlement of litigation and in consideration for the grant of certain intellectual property rights for patented technologies owned or controlled by the Company. These arrangements typically include some combination of the following: (i) the grant of a non-exclusive, retroactive and future license to manufacture and/or sell products covered by patented technologies owned or controlled by the Company, (ii) a covenant-not-to-sue, (iii) the release of the licensee from certain claims, and (iv) the dismissal of any pending litigation. In such instances, the intellectual property rights granted have been perpetual in nature, extending until the expiration of the related patents. Pursuant to the terms of these agreements, we have no further obligations with respect to the granted intellectual property rights, including no obligation to maintain or upgrade the technology, or provide future support or services. Licensees obtained control of the intellectual property rights they have acquired upon execution of the agreement. Accordingly, the performance obligations from these agreements were satisfied and 100% of the revenue was recognized upon the execution of the agreements. The adoption of ASU 2014-09 had no impact on revenue recognized.

Cost of Revenues

Cost of revenues include the costs and expenses incurred in connection with our patent licensing and enforcement activities, including inventor royalties paid to original patent owners, contingent legal fees paid to external counsel, other patent-related legal expenses paid to external counsel, licensing and enforcement related research, consulting and other expenses paid to third-parties and the amortization of patent-related investment costs. These costs are included under the caption "Operating costs and expenses" in the accompanying condensed consolidated statements of operations.

Research and Development Expenses

Research and development expenses, consisting primarily of employee compensation, payments to third parties for research and development activities and other direct costs associated with developing a platform for non-invasive blood tests for early detection of cancer, developing immuno-therapy drugs against cancer and development of our breast cancer vaccine, are expensed in the consolidated financial statements in the year incurred.

2. STOCK BASED COMPENSATION

The Company maintains equity incentive plans under which the Company may grant incentive stock options, non-qualified stock options, stock appreciation rights, stock awards, performance awards, or stock units to employees, directors and consultants.

Stock Option Compensation Expense

The compensation cost for service-based stock options granted to employees and directors is measured at the grant date, based on the fair value of the award using the Black-Scholes pricing model, and is recognized as an expense on a straight-line basis over the requisite service period (the vesting period of the stock option) which is one to four years. We recorded stock-based compensation expense related to service-based stock options granted to employees and directors of approximately $964,000 and $844,000 during the three months ended January 31, 2020 and 2019, respectively.

For stock options granted to employees and directors that vest based on market conditions, such as the trading price of the Company's common stock exceeding certain price targets, we use a Monte Carlo Simulation in estimating the fair value at grant date and recognize compensation cost over the implied service period (median time to vest). On May 8, 2018, we issued market condition options to purchase 1,500,000 shares of common stock, to our Chairman, President and Chief Executive Officer, vesting at target trading prices of $5.00 to $8.00 per share before May 31, 2021, with implied service periods of three to seven months. In October 2018, the first tranche of 500,000 shares of market condition options became exercisable upon achieving an average closing price above $5.00 per share for twenty consecutive trading days. We recorded stock-based compensation expense related to market condition stock options granted to employees and directors of approximately $376,000 during the three months ended January 31, 2019. We did not have stock-based compensation expense related to market condition stock options during the three months ended January 31, 2020.

On November 1, 2018 we adopted Accounting Standards Update 2018-07 (“ASU 2018-07”) for stock options granted to consultants. Upon adoption of ASU 2018-07 we estimated the fair value of unvested service-based and performance-based stock options at the date of adoption, using the Black-Scholes pricing model. Subsequent to adoption of ASU 2018-07, future grants to consultants will be measured at the grant date, based on the fair value of the award using the Black-Scholes pricing model, consistent with our policy for grants to employees and directors. In prior periods we estimated the fair value of service-based and performance-based stock options granted to consultants at each reporting period using the Black-Scholes pricing model. We recognize the fair value of stock options granted to consultants as consulting expense over the requisite or implied service period of the grant. We recorded stock-based consulting expense related to stock options granted to consultants of approximately $57,000 and $25,000 during the three months ended January 31, 2020 and 2019, respectively.

Stock Option Activity

During the three months ended January 31, 2020, we granted options to purchase 800,000 shares of common stock to employees and consultants with exercise prices ranging from $3.84 to $4.04 per share pursuant to the Anixa Biosciences, Inc. 2018 Share Incentive Plan (the "2018 Share Plan”). We did not grant any options during the three months ended January 31, 2019. During the three months ended January 31, 2020 and 2019, stock options to purchase 18,900 and 10,000 shares of common stock, respectively, were exercised with aggregate proceeds of approximately $28,000 and $23,000, respectively.

Stock Option Plans

As of January 31, 2020, we have three stock option plans: the Anixa Biosciences, Inc. 2003 Share Incentive Plan (the "2003 Share Plan"), the Anixa Biosciences, Inc. 2010 Share Incentive Plan (the "2010 Share Plan”) and the 2018 Share Plan, which were adopted by our Board of Directors on April 21, 2003, July 14, 2010 and January 25, 2018, respectively. The 2018 Share Plan was approved by our shareholders on March 29, 2018.

2003 Plan

During the three months ended January 31, 2020, the remaining outstanding options granted under the 2003 Share Plan expired. In accordance with the provisions of the 2003 Share Plan, the plan terminated with respect to the ability to grant future options on April 21, 2013. Information regarding the 2003 Share Plan for the three months ended January 31, 2020 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2019	400	$ 17.00	
Expired	(400)		
Options Outstanding and exercisable at January 31, 2020	-0-	$ -0-	$ -0-

Information regarding the 2003 Share Plan for the three months ended January 31, 2019 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2018	12,000	$ 2.77	
Options Outstanding and exercisable at January 31, 2019	12,000	$ 2.77	$ 33,058

The following table summarizes information about stock options outstanding and exercisable under the 2003 Share Plan as of January 31, 2019:

Range of Exercise Prices	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 0.67 - $17.00	12,000	0.49	$ 2.77

2010 Plan

The 2010 Share Plan provides for the grant of nonqualified stock options, stock appreciation rights, stock awards, performance awards and stock units to employees, directors and consultants. As of January 31, 2020, the 2010 Share Plan had 800,000 shares available for future grants. Information regarding the 2010 Share Plan for the three months ended January 31, 2020 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2019	1,998,668	$ 2.80	
Exercised	(18,900)	$ 1.51	
Forfeited	(5,534)	$ 2.58	
Options Outstanding at January 31, 2020	1,974,234	$ 2.81	$ 1,810,395
Options Exercisable at January 31, 2020	1,721,734	$ 2.86	$ 1,542,195

The following table summarizes information about stock options outstanding and exercisable under the 2010 Share Plan as of January 31, 2020:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$0.67 - $2.30	561,500	6.28	$1.56	464,000	6.03	$1.69
$2.58 - $3.13	878,200	3.43	$2.79	878,200	3.97	$2.79
$3.46 - $5.75	534,534	7.94	$4.16	379,534	7.76	$4.45

Information regarding the 2010 Share Plan for the three months ended January31, 2019 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2018	2,131,868	$ 2.11	
Exercised	(10,000)	$ 2.27	
Options Outstanding at January 31, 2019	2,121,868	$ 2.11	$ 6,454,772
Options Exercisable at January 31, 2019	1,513,119	$ 1.84	$ 5,014,151

The following table summarizes information about stock options outstanding and exercisable under the 2010 Share Plan as of January 31, 2019:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$0.67	938,000	6.44	$0.67	744,251	5.94	$0.67
$ 2.27 -$ 3.01	697,134	3.97	$2.62	622,134	4.32	$2.57
$ 3.46 -$ 7.00	486,734	8.64	$4.16	146,734	6.55	$4.66

2018 Plan

The 2018 Share Plan provides for the grant of incentive stock options, nonqualified stock options, stock appreciation rights, stock awards, performance awards and stock units to employees, directors and consultants. As of January 31, 2020, the 2018 Share Plan had 2,000,000 shares available for future grants. Information regarding options outstanding under the 2018 Share Plan for the three months ended January 31, 2020 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2019	3,935,500	$ 3.74	
Granted	800,000	$ 3.85	
Options Outstanding at January 31, 2020	4,735,000	$ 3.76	$ -0-
Options Exercisable at January 31, 2020	1,798,616	$ 3.74	$ -0-

The following table summarizes information about stock options outstanding under the 2018 Share Plan as of January 31, 2020:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$3.70	3,100,000	8.27	$3.70	1,433,334	8.27	$3.70
$ 3.84 - $4.61	1,635,000	9.17	$3.88	365,282	8.32	$3.92

Information regarding options outstanding under the 2018 Share Plan for the three months ended January 31, 2019 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2018	3,482,000	$ 3.73	
Options Outstanding at January 31, 2019	3,482,000	$ 3.73	$ 4,879,580
Options Exercisable at January 31, 2019	992,780	$ 3.72	$ 1,401,552

The following table summarizes information about stock options outstanding under the 2018 Share Plan as of January 31, 2019:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$ 3.70 - $4.61	3,482,000	9.27	$3.73	992,780	9.27	$ 3.72

Outside of Share Plans

In addition to options granted under the 2003 Share Plan, the 2010 Share Plan and the 2018 Share Plan, the Board of Directors approved the grant of stock options to purchase shares of common stock to employees and directors. Information regarding stock options outstanding that were not granted under the 2003 Share Plan, the 2010 Share Plan or the 2018 Share Plan for the three months ended January 31, 2020 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2019	1,698,000	$ 2.58	
Options Outstanding and exercisable at January 31, 2020	1,698,000	$ 2.58	$ 1,655,550

The following table summarizes information about stock options outstanding and exercisable that were not granted under the 2003 Share Plan, the 2010 Share Plan or the 2018 Plan as of January 31, 2020:

Range of Exercise Prices	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$2.58	1,698,000	2.50	$ 2.58

Information regarding stock options outstanding that were not granted under the 2003 Plan, 2010 Plan or the 2018 Plan for the three months ended January 31, 2019 is as follows:

	Shares	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Options Outstanding at October 31, 2018	1,780,000	$ 1.58	
Options Outstanding and exercisable at January 31, 2019	1,780,000	$ 1.58	$ 6,334,080

The following table summarizes information about stock options outstanding and exercisable that were not granted under the 2003 Share Plan, the 2010 Share Plan or the 2018 Plan as of January 31, 2019:

Range of Exercise Prices	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price
$0.67	1,046,000	3.55	$ 0.67
$ 2.58-$ 5.56	734,000	3.09	$ 2.88

Stock Awards

For stock awards granted to employees, directors and consultants that vest at date of grant we recognize expense based on the grant date market price of the underlying common stock. We did not grant any stock awards during the three months ended January 31, 2020 or 2019.

On May 8, 2018, a restricted stock award of 1,500,000 shares of common stock was granted under the 2018 Share Plan to our Chairman, President and Chief Executive Officer. The restricted stock award vests in its entirety upon achievement of a target trading price of $11.00 per share of the Company's common stock before May 31, 2021. For restricted stock awards vesting upon achievement of a price target of our common stock we use a Monte Carlo Simulation in estimating the fair value at grant date and recognize compensation cost over the implied service period (median time to vest). During the three months ended January 31, 2020 and 2019 we recorded compensation expense related to the restricted stock award of approximately $ -0- and $1,484,000, respectively.

Employee Stock Purchase Plan

The Company maintains the Anixa Biosciences, Inc. Employee Stock Purchase Plan (the "ESPP") which permits eligible employees to purchase shares at not less than 85% of the market value of the Company's common stock on the offering date or the purchase date of the applicable offering period, whichever is lower. The ESPP was adopted by our Board of Directors on August 13, 2018 and approved by our shareholders on September 27, 2018. During the three months ended January 31, 2020 and 2019, no shares were purchased under the ESPP.

Warrants

During the three months ended January 31, 2019 we issued a warrant, expiring on November 1, 2023, to purchase 25,000 shares of common stock at $4.04 per share, vesting over 12 months, to a consultant for investor relations services. On November 1, 2019 the warrant was exchanged for a stock option with the same terms as the warrant. We recorded consulting expense of approximately $ -0- and $21,000 during the three months ended January 31, 2020 and 2019, respectively, based on the fair value of the warrant recognized on a straight-line basis over the vesting period. No warrants were issued during the three months ended January 31, 2020.

As of January 31, 2020, we had warrants outstanding to purchase 500,000 shares of common stock at $5.03 per share expiring on November 30, 2021.

3. FAIR VALUE MEASUREMENTS

US GAAP defines fair value and establishes a framework for measuring fair value. We have categorized our financial assets, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded in the accompanying condensed consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market which we have the ability to access at the measurement date.

Level 2 - Financial assets and liabilities whose values are based on quoted market prices in markets where trading occurs infrequently or whose values are based on quoted prices of instruments with similar attributes in active markets.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset and liabilities.

The following table presents the hierarchy for our financial assets measured at fair value on a recurring basis as of January 31, 2020:

	Level 1	Level 2	Level 3	Total
Money market funds:				
Cash and cash equivalents	$ 2,535,187	$ -	$ -	$ 2,535,187
Certificates of deposit:				
Short-term investments	-	2,870,000	-	2,870,000
Operating lease right-of-use asset	-	-	93,907	93,907
Total financial assets	$ 2,535,187	$ 2,870,000	$ 93,907	$ 5,499,094

The following table presents the hierarchy for our financial assets measured at fair value on a recurring basis as of October 31, 2019:

	Level 1	Level 2	Level 3	Total
Money market funds:				
Cash and cash equivalents	$ 2,706,944	$ -	$ -	$ 2,706,944
Certificates of deposit:				
Cash and cash equivalents	500,000	-	-	500,000
Short term investments	-	2,350,000	-	2,350,000
Total financial assets	$ 3,206,944	$ 2,350,000	$ -	$ 5,556,944

The following table presents the hierarchy for our financial liabilities measured at fair value on a recurring basis as of January 31, 2020:

	Level 1	Level 2	Level 3	Total
Operating lease liability	$ -	$ -	$ 94,219	$ 94,219

Our non-financial assets that are measured on a non-recurring basis include our property and equipment and which are measured using fair value techniques whenever events or changes in circumstances indicate a condition of impairment exists. The estimated fair value of accounts receivable, prepaid expenses, accounts payable and accrued expenses approximates their individual carrying amounts due to the short-term nature of these measurements. Cash and cash equivalents are stated at carrying value which approximates fair value.

4. ACCRUED EXPENSES

Accrued expenses consist of the following as of:

	January 31, 2020	October 31, 2019
Payroll and related expenses	161,405	72,850
Accrued royalty	449,691	449,691
Accrued collaborative research and license expenses	66,119	371,710
Accrued other	27,819	1,247
	$ 705,034	$ 895,498

5. NET LOSS PER SHARE OF COMMON STOCK

Basic net loss per common share ("Basic EPS") is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss by the weighted average number of common shares and dilutive common share equivalents and convertible securities then outstanding.

Diluted EPS for all periods presented is the same as Basic EPS, as the inclusion of the effect of common share equivalents then outstanding would be anti-dilutive. For this reason, excluded from the calculation of Diluted EPS for the three months ended January 31, 2020 and 2019, were stock options to purchase 8,407,234 and 7,395,868 shares, respectively, and warrants to purchase 500,000 and 854,400 shares, respectively.

6. EFFECT OF RECENTLY ADOPTED AND ISSUED PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02 ("ASU 2016-02") Accounting Standards Codification Topic 842, Leases (ASC 842), which supersedes Topic 840, Leases, and which requires lessees to recognize most leases on the balance sheet. The new lease standard does not substantially change lessor accounting. For public companies, the standard was effective for the first interim reporting period within annual periods beginning after December 15, 2018, although early adoption was permitted. Lessees and lessors were required to apply the new standard at the beginning of the earliest period presented in the financial statements in which they first apply the new guidance. In July 2018, FASB issued ASU 2018-11, Leases, which provides an additional transition option for an entity to apply the provisions of ASC 842 by recognizing a cumulative effect adjustment at the effective date of adoption without adjusting the prior comparative periods presented. The requirements of this standard include a significant increase in required disclosures. The Company adopted ASU 2016-02 on November 1, 2019. The adoption of this standard did not have a material impact on our condensed consolidated financial statements. See Note 8 regarding disclosures related to our office lease.

7. INCOME TAXES

We file Federal, New York and California state income tax returns. Due to net operating losses, the statute of limitations for our income tax returns remains open to examination by taxing authorities since the fiscal year ended October 31, 1999. We account for interest and penalties related to income tax matters, if any, in general and administrative expenses. There are no unrecognized income tax benefits as of January 31, 2020 and October 31, 2019.

We recognize deferred tax assets and liabilities for the estimated future tax effects of events that have been recognized in our financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount expected to be realized. We have substantial net operating loss carryforwards for Federal, New York State and California income tax returns. These net operating loss carryforwards could be subject to limitations under Internal Revenue Code section 382. We have provided a full valuation allowance against our deferred tax asset due to our historical pre-tax losses and the uncertainty regarding the realizability of these deferred tax assets.

8. LEASES

We lease approximately 2,000 square feet of office space at 3150 Almaden Expressway, San Jose, California (our principal executive offices) from an unrelated party pursuant to an operating lease that expires September 30, 2021. Our base rent is approximately $5,000 per month and the lease provides for annual increases of approximately 3% and an escalation clause for increases in certain operating costs. Under an operating lease that expired on May 31, 2019 we also leased approximately 3,000 square feet of office space at 12100 Wilshire Boulevard, Los Angeles, California (our former executive offices) from an unrelated party. As of August 1, 2018, we had subleased these facilities. Rent expense for the three months ended January 31, 2020 and 2019, was approximately $16,000 and $18,000, respectively.

On November 1, 2019, the Company adopted ASC 842, which increases transparency and comparability by recognizing a lessee's rights and obligations resulting from leases by recording them on the balance sheet as lease assets and lease liabilities. The new guidance requires the recognition of the right-of-use ("ROU") assets and related operating lease liabilities on the balance sheet. The Company adopted the new guidance using the modified retrospective approach on November 1, 2019. As a result, the condensed consolidated balance sheet as of October 31, 2019 was not restated and is not comparative.

The adoption of ASC 842 resulted in the recognition of ROU assets of $106,221, and lease liabilities for operating leases of $106,299 on the Company's condensed consolidated balance sheet as of November 1, 2019. The difference between the ROU assets and the operating lease liability represents the difference between the lease cost and the amount of rent paid in October.

The Company elected the package of practical expedients permitted within the standard, which allow an entity to forgo reassessing (i) whether a contract contains a lease, (ii) classification of leases, and (iii) whether capitalized costs associated with a lease meet the definition of initial direct costs. Also, the Company elected the expedient allowing an entity to use hindsight to determine the lease term and impairment of ROU assets and the expedient to allow the Company to not have to separate lease and non-lease components. The Company has also elected the short-term lease accounting policy under which Anixa would not recognize a lease liability or ROU asset for any lease that at the commencement date has a lease term of twelve months or less and does not include a purchase option that Anixa is more than reasonably certain to exercise.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments. The remaining 20 month lease term as of January 31, 2020 for the Company's lease includes the noncancelable period of the lease. The lease does not contain a Company option to extend the lease or an option to extend the lease controlled by the lessor. All ROU assets are reviewed for impairment.

Balance sheet information related to the Company's lease is presented below:

	Balance Sheet Location	January 31, 2020	November 1, 2019	October 31, 2019
Operating Lease:				
Right-of-use asset	Operating lease right-of-use asset	$ 93,907	$ 106,221	$ -
Right-of-use liability, current	Operating lease liability	53,384	51,101	-
Right-of-use liability, long-term	Operating lease liability non-current	40,835	55,198	-

As of January 31, 2020, the annual minimum lease payments of our operating lease liabilities were as follows:

For Years Ending October 31,	Operating Leases
2020 (excluding the three months ended January 31, 2020)	$ 47,136
2021	59,136
Total future minimum payments, undiscounted	106,272
Less: Imputed interest	12,053
Present value of future minimum lease payments	$ 94,219

9. COMMITMENTS AND CONTINGENCES

Litigation Matters

We are not involved in any litigation or other legal proceedings and management is not aware of any pending litigation or legal proceeding against us that would have a material adverse effect upon our results of operations or financial condition.

10. SEGMENT INFORMATION

We follow the accounting guidance of ASC 280 "Segment Reporting" ("ASC 280"). Reportable operating segments are determined based on the management approach. The management approach, as defined by ASC 280, is based on the way that the chief operating decision-maker organizes the segments within an enterprise for making operating decisions and assessing performance. While our results of operations are primarily reviewed on a consolidated basis, the chief operating decision-maker manages the enterprise in three reportable segments, each with different operating and potential revenue generating characteristics: (i) cancer diagnostics, (ii) cancer therapeutics and (iii) our legacy patent licensing activities. The following represents selected financial information for our segments for the three months ended January 31, 2020 and 2019 and as of January 31, 2020 and October 31, 2019:

	For the Three Months Ended January 31, 2020	For the Three Months Ended January 31, 2019
Net loss:		
Cancer diagnostics	$ (1,790,646)	$ (1,804,354)
Cancer therapeutics	(825,929)	(2,487,285)
Patent licensing	-	(674,970)
Total	$ (2,616,575)	$ (4,966,609)
Total operating costs and expenses	$ 2,629,869	$ 4,983,728
Less non-cash share-based compensation	(1,021,334)	(2,750,164)
Operating costs and expenses excluding non-cash share-based compensation	$ 1,608,535	$ 2,233,564
Operating costs and expenses excluding non-cash share based compensation expense:		
Cancer diagnostics	$ 1,163,924	$ 759,534
Cancer therapeutics	444,611	800,791
Patent licensing	-	673,239
Total	$ 1,608,535	$ 2,233,564

	January 31, 2020	October 31, 2019
Total assets:		
Cancer diagnostics	$ 4,411,569	$ 2,921,784
Cancer therapeutics	1,604,596	2,872,341
Patent licensing	147,786	499,568
Total	$ 6,163,951	$ 6,293,693

Operating costs and expenses excluding non-cash share-based compensation is the measurement the chief operating decision-maker uses in managing the enterprise.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Information included in this Quarterly Report on Form 10-Q (this "Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements are not statements of historical facts, but rather reflect our current expectations concerning future events and results. We generally use the words "believes," "expects," "intends," "plans," "anticipates," "likely," "will" and similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning our expectations, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks, uncertainties and factors include, but are not limited to, those factors set forth in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019 and the condensed consolidated financial statements included in this Report. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Report.

GENERAL

We discuss the description of our business in the Notes to our Condensed Consolidated Financial Statements.

RESULTS OF OPERATIONS

Three months ended January 31, 2020 compared with three months ended January 31, 2019

Revenue

We had no revenue during the three-month periods ended January 31, 2020 and 2019.

Amortization of Patents

Amortization of patents was $-0- in the three months ended January 31, 2020 compared to approximately $251,000 in the comparable prior year. We capitalize patent and patent rights acquisition costs and amortize the cost over the estimated economic useful life. The decrease in amortization of patents was due to the patent asset being fully amortized in fiscal year 2019.

Research and Development Expenses

Research and development expenses are related to the development of our early cancer detection and cancer immuno-therapy platforms and decreased by approximately $756,000 to approximately $1,491,000 in the three months ended January 31, 2020, from approximately $2,247,000 in the three months ended January 31, 2019. The decrease in research and development expenses was primarily due to a decrease in employee stock award compensation expense of approximately $950,000, a decrease in employee stock option compensation expense of approximately $231,000, offset by an increase of approximately $363,000 in outside research and development expenses primarily related Anixa Diagnostics' agreements with its CLIA certified commercialization partner, ResearchDx, Inc. and an increased supply of blood samples provided by its urology practice partners.

General and Administrative Expenses

General and administrative expenses decreased by approximately $927,000 to approximately $1,139,000 in the three months ended January 31, 2020, from approximately $2,066,000 in the three months ended January 31, 2019. The decrease in general and administrative expenses was principally due to a decrease in employee stock award compensation expense of approximately $534,000, a decrease in expense resulting from the discharge in January 2020 of a disputed liability of approximately $337,000 upon the expiration of the vendor's statutory right to pursue collection of the disputed liability, a decrease in legal and accounting fees of approximately $283,000 primarily related to fees incurred in fiscal year 2019 in connection with a putative shareholder derivative complaint, offset by an increase in employee compensation and related costs, other than stock option compensation expense and stock award compensation expense, of approximately $170,000.

Impairment in Carrying Amount of Patent Assets

The impairment in carrying amount of patent assets of approximately $419,000 in the three months ended January 31, 2019 resulted from the write down of the value of patent assets related to our legacy patent licensing activities to the estimated undiscounted future cash flows we anticipate receiving from the patent assets as of January 31, 2019. Our estimates of future cash flows are based on our most recent assessment of the market for potential licensees, as well as the status of ongoing negotiations with potential licensees.

Interest Income

Interest income decreased by approximately $4,000 to approximately $13,000 in the three months ended January 31, 2020, from approximately $17,000 in the comparable prior year period as a result of a decrease of cash on hand and a decrease in interest rates.

Net Loss Attributable to Noncontrolling Interest

The net loss attributable to noncontrolling interest, representing Wistar's 5% ownership interest in Certainty's net loss, decreased by approximately $61,000 to approximately $24,000 in the three months ended January 31, 2020, from approximately $85,000 in the three months ended January 31, 2019, as Certainty's net loss decreased. The decrease in Certainty's net loss was primarily due to decreases in employee stock option compensation expense and employee stock award compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash, cash equivalents and short-term investments. We do not expect to generate material revenue from operations in the near future from any of our therapeutic or diagnostic programs

Based on currently available information as of March 9, 2020, we believe that our existing cash, cash equivalents, short-term investments and expected cash flows will be sufficient to fund our activities for the next twelve months. We have implemented a business model that conserves funds by collaborating with third parties to develop our technologies. However, our projections of future cash needs and cash flows may differ from actual results. If current cash on hand, cash equivalents, short-term investments and cash that may be generated from our business operations are insufficient to continue to operate our business, or if we elect to invest in or acquire a company or companies or new technology or technologies that are synergistic with or complementary to our technologies, we may be required to obtain more working capital. During the three months ended January 31, 2020, we raised approximately $1,752,000, net of expenses, through the sale of 490,655 shares of common stock in our at-the-market equity offerings. We raised approximately $427,000, net of expenses, through the sale of 112,238 shares of common stock in an at-the market equity offering which expired in November 2019 and approximately $1,325,000, net of expenses, through the sale of 378,417 shares of common stock in an at-the-market equity offering under which we may issue up to $50 million of common stock. Under our current at-the-market equity program which is currently effective and may remain available for us to use in the future, we may sell an additional approximately $48,587,000 of common stock. We may seek to obtain working capital during our fiscal year 2020 or thereafter through sales of our equity securities or through bank credit facilities or public or private debt from various financial institutions where possible. We cannot be certain that additional funding will be available on acceptable terms, or at all. If we do identify sources for additional funding, the sale of additional equity securities or convertible debt could result in dilution to our stockholders. We can give no assurance that we will generate sufficient cash flows in the future to satisfy our liquidity requirements or sustain future operations, or that other sources of funding, such as sales of equity or debt, would be available or would be approved by our security holders, if needed, on favorable terms or at all. If we fail to obtain additional working capital as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition. Furthermore, such lack of funds may inhibit our ability to respond to competitive pressures or unanticipated capital needs, or may force us to reduce operating expenses, which would significantly harm the business and development of operations.

During the three months ended January 31, 2020, cash used in operating activities was approximately $1,914,000. Cash used in investing activities was approximately $536,000, resulting from the purchases of certificates of deposit totaling $1,870,000 and purchases of property and equipment of approximately $16,000, which was offset by the proceeds on maturities of certificates of deposit totaling $1,350,000. Cash provided by financing activities was approximately $1,780,000, resulting from the sale of 490,655 shares of common stock in at-the-market equity offerings of approximately $1,752,000 and the proceeds from exercise of stock options of approximately $28,000. As a result, our cash, cash equivalents, and short-term investments at January 31, 2020 decreased approximately $150,000 to approximately $5,692,000 from approximately $5,842,000 at the end of fiscal year 2019.

CRITICAL ACCOUNTING POLICIES

The Company's condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing these financial statements, we make assumptions, judgments and estimates that can have a significant impact on amounts reported in our condensed consolidated financial statements. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis, we evaluate our assumptions, judgments and estimates and make changes accordingly.

We believe that, of the significant accounting policies discussed in Note 2 to our consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019, the following accounting policies require our most difficult, subjective or complex judgments:

Revenue Recognition; and

Stock-Based Compensation

Revenue Recognition

Our revenue has been derived solely from technology licensing and the sale of patented technologies. Revenue is recognized upon transfer of control of intellectual property rights and satisfaction of other contractual performance obligations to licensees in an amount that reflects the consideration we expect to receive.

On November 1, 2018 we adopted Accounting Standards Update 2014-09 ("ASU 2014-09"), Revenue from Contracts with Customers using the modified retrospective method. Upon adoption of ASU 2014-09 we are required to make certain judgments and estimates in connection with the accounting for revenue. Such areas may include determining the existence of a contract and identifying each party's rights and obligations to transfer goods and services, identifying the performance obligations in the contract, determining the transaction price and allocating the transaction price to separate performance obligations, estimating the timing of satisfaction of performance obligations, determining whether a promise to grant a license is distinct from other promised goods or services and evaluating whether a license transfers to a customer at a point in time or over time.

Our revenue arrangements provide for the payment of contractually determined, one-time, paid-up license fees in settlement of litigation and in consideration for the grant of certain intellectual property rights for patented technologies owned or controlled by the Company. These arrangements typically include some combination of the following: (i) the grant of a non-exclusive, retroactive and future license to manufacture and/or sell products covered by patented technologies owned or controlled by the Company, (ii) a covenant-not-to-sue, (iii) the release of the licensee from certain claims, and (iv) the dismissal of any pending litigation. In such instances, the intellectual property rights granted have been perpetual in nature, extending until the expiration of the related patents. Pursuant to the terms of these agreements, we have no further obligations with respect to the granted intellectual property rights, including no obligation to maintain or upgrade the technology, or provide future support or services. Licensees obtained control of the intellectual property rights they have acquired upon execution of the agreement. Accordingly, the performance obligations from these agreements were satisfied and 100% of the revenue was recognized upon the execution of the agreements. The adoption of ASU 2014-09 had no impact on revenue recognized.

Stock-Based Compensation

The compensation cost for service-based stock options granted to employees and directors is measured at the grant date, based on the fair value of the award using the Black-Scholes pricing model, and is recognized as an expense on a straight-line basis over the requisite service period (the vesting period of the stock option) which is one to four years. For employee options vesting if the trading price of the Company’s common stock exceeds certain price targets we use a Monte Carlo Simulation in estimating the fair value at grant date and recognize compensation cost over the implied service period.

For stock awards granted to employees and directors that vest at date of grant we recognize expense based on the grant date market price of the underlying common stock. For restricted stock awards vesting upon achievement of a price target of our common stock we use a Monte Carlo Simulation in estimating the fair value at grant date and recognize compensation cost over the implied service period (median time to vest).

On November 1, 2018 we adopted Accounting Standards Update 2018-07 (“ASU 2018-027”) for stock-based compensation to non-employees. Upon adoption of ASU 2018-07 we estimated the fair value of unvested awards at the date of adoption, using the Black-Scholes pricing model. Future grants to consultants will be measured at the grant date, based on the fair value of the award using the Black-Scholes pricing model, consistent with our policy for grants to employees and directors.

The Black-Scholes pricing model and the Monte Carlo Simulation we use to estimate fair value requires valuation assumptions of expected term, expected volatility, risk-free interest rates and expected dividend yield. The expected term of stock options represents the weighted average period the stock options are expected to remain outstanding. We use the simplified method, which is a weighted average of the vesting term and contractual term, to determine expected term. The simplified method was adopted since we do not believe that historical experience is representative of future performance because of the impact of the changes in our operations and the change in terms from historical options. Under the Black-Scholes pricing model, we estimated the expected volatility of our shares of common stock based upon the historical volatility of our share price over a period of time equal to the expected term of the grants. We estimated the risk-free interest rate based on the implied yield available on the applicable grant date of a U.S. Treasury note with a term equal to the expected term of the underlying grants. We made the dividend yield assumption based on our history of not paying dividends and our expectation not to pay dividends in the future.

We will reconsider use of the Black-Scholes pricing model and the Monte Carlo Simulation if additional information becomes available in the future that indicates another model would be more appropriate. If factors change and we employ different assumptions in future periods, the compensation expense that we record may differ significantly from what we have recorded in the current period.

EFFECT OF RECENTLY ISSUED PRONOUNCEMENTS

We discuss the effect of recently issued pronouncements in the Notes to our Condensed Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As of January 31, 2020, we had investments in short-term, fixed rate and highly liquid instruments that have historically been reinvested when they mature throughout the year. Although our existing instruments are not considered at risk with respect to changes in interest rates or markets for these instruments, our rate of return on these securities could be affected at the time of reinvestment, if any.

Item 4. Controls and Procedures.

We carried out an evaluation, under the supervision and with the participation of our management including our President and Chief Executive Officer and our Chief Operating Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13-15(b) of the Exchange Act. Based upon that evaluation, our President and Chief Executive Officer and our Chief Operating Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of the end of the period covered by this Report.

There was no change in our internal control over financial reporting during the first quarter of fiscal year 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are not involved in any litigation or other legal proceedings and management is not aware of any pending litigation or legal proceeding against us that would have a material adverse effect upon our results of operations or financial condition.

Item 1A. Risk Factors.

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the fiscal year ended October 31, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds. None.

Item 3. Defaults Upon Senior Securities. None.

Item 4. **Mine Safety Disclosures**. Not Applicable.

Item 5. Other Information. None.

Item 6. Exhibits.

31.1 Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated March 9, 2020.

31.2 Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, dated March 9, 2020.

32.1 Statement of Chief Executive Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated March 9, 2020.

32.2 Statement of Chief Financial Officer, pursuant to Section 1350 of Title 18 of the United States Code, dated March 9, 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, thereunto duly authorized.

ANIXA BIOSCIENCES, INC.

	By: /s/ Dr. Amit Kumar
	Dr. Amit Kumar Chairman, President and Chief Executive Officer
March 9, 2020	(Principal Executive Officer)
	By: /s/ Michael J. Catelani
	Michael J. Catelani Chief Operating Officer and Chief Financial Officer (Principal Financial and
March 9, 2020	Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Dr. Amit Kumar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Anixa Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Dr. Amit Kumar
Dr. Amit Kumar
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

March 9, 2020

Exhibit 31.2

CERTIFICATION

I, Michael J. Catelani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Anixa Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael J. Catelani
Michael J. Catelani
Chief Operating Officer and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

March 9, 2020

Exhibit 32.1

Statement of Chief Executive Officer
Pursuant to Section 1350 of Title 18 of the United States Code

Pursuant to Section 1350 of Title 18 of the United States Code, the undersigned, Dr. Amit Kumar, the Chairman, President and Chief Executive Officer of Anixa Biosciences, Inc., hereby certifies that:

1. The Company's Form 10-Q Quarterly Report for the period ended January 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Dr. Amit Kumar
Dr. Amit Kumar
Chairman, President and
Chief Executive Officer
(Principal Executive Officer)

March 9, 2020

Exhibit 32.2

Statement of Chief Financial Officer
Pursuant to Section 1350 of Title 18 of the United States Code

Pursuant to Section 1350 of Title 18 of the United States Code, the undersigned, Michael J. Catelani, the Chief Operating Officer and Chief Financial Officer of Anixa Biosciences, Inc., hereby certifies that:

1. The Company's Form 10-Q Quarterly Report for the period ended January 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael J. Catelani
Michael J. Catelani
Chief Operating Officer and
Chief Financial Officer
(Principal Financial and
Accounting Officer)

March 9, 2020