

Electromed, Inc.
Form 10-Q
November 13, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark
One)

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

For the quarterly period ended September 30, 2018

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

For the transition period from _____ to _____.

Commission File No.: 001-34839

Electromed, Inc.
(Exact Name of Registrant as Specified in its Charter)

Minnesota **41-1732920**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

500 Sixth Avenue NW **56071**
New Prague, Minnesota

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(Address of principal executive offices)

(Zip Code)

(952) 758-9299

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

There were 8,353,584 shares of Electromed, Inc. common stock, par value \$0.01 per share, outstanding as of the close of business on November 9, 2018.

Electromed, Inc.
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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Electromed, Inc.**Condensed Balance Sheets**

	September 30, 2018 (Unaudited)	June 30, 2018
Assets		
Current Assets		
Cash	\$7,747,129	\$7,455,844
Accounts receivable (net of allowances for doubtful accounts of \$45,000)	11,545,915	11,811,308
Contract assets	835,831	776,338
Inventories	2,840,407	2,486,848
Prepaid expenses and other current assets	415,476	751,541
Total current assets	23,384,758	23,281,879
Property and equipment, net	2,965,526	3,091,242
Finite-life intangible assets, net	641,039	649,103
Other assets	5,907	5,907
Deferred income taxes	517,000	364,000
Total assets	\$27,514,230	\$27,392,131
Liabilities and Shareholders' Equity		
Current Liabilities		
Current maturities of long-term debt, net of debt issuance costs	\$1,089,120	\$1,101,043
Accounts payable	850,477	810,644
Accrued compensation	1,111,438	1,269,849
Income tax payable	156,640	397,390
Warranty reserve	730,000	760,000
Other accrued liabilities	542,513	464,357
Total current liabilities	4,480,188	4,803,283
Commitments and Contingencies		
Shareholders' Equity		
Common stock, \$0.01 par value; authorized: 13,000,000 shares; 8,329,826 and 8,288,659 issued and outstanding at September 30, 2018 and June 30, 2018, respectively	83,298	82,887

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Additional paid-in capital	15,243,494	14,953,103
Retained earnings	7,707,250	7,552,858
Total shareholders' equity	23,034,042	22,588,848
Total liabilities and shareholders' equity	\$27,514,230	\$27,392,131

See Notes to Condensed Financial Statements (Unaudited).

Electromed, Inc.**Condensed Statements of Operations (Unaudited)**

	Three Months Ended	
	September 30,	
	2018	2017
Net revenues	\$7,275,883	\$6,304,322
Cost of revenues	1,733,051	1,613,604
Gross profit	5,542,832	4,690,718
Operating expenses		
Selling, general and administrative	5,275,755	4,520,905
Research and development	68,137	70,663
Total operating expenses	5,343,892	4,591,568
Operating income	198,940	99,150
Interest income (expense), net	13,452	(4,199)
Net income before income taxes	212,392	94,951
Income tax expense	58,000	14,000
Net income	\$ 154,392	\$ 80,951
Income per share:		
Basic	\$0.02	\$0.01
Diluted	\$0.02	\$0.01
Weighted-average common shares outstanding:		
Basic	8,260,131	