

SHARPS COMPLIANCE CORP  
Form 10-Q  
November 01, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended September 30, 2018

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 001-34269

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SHARPS COMPLIANCE CORP.  
(Exact name of registrant as specified in its charter)

Delaware 74-2657168  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

9220 Kirby Drive, Suite 500, Houston, Texas 77054  
(Address of principal executive offices) (Zip Code)  
(713) 432-0300  
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

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filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Securities Exchange Act of 1934.

Large Accelerated Filer <input type="radio"/>	Accelerated Filer <input type="radio"/>	Non-accelerated Filer <input type="radio"/> (Do not check if a smaller reporting company)	Emerging growth company <input type="radio"/>	Smaller reporting company <input checked="" type="radio"/>
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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 12(b)-2 of the Exchange Act). Yes  No

As of October 30, 2018, there were 16,082,021 outstanding shares of the Registrant's common stock, par value \$0.01 per share.

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SHARPS COMPLIANCE CORP. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

SHARPS COMPLIANCE CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(In thousands, except share and par value)

	September 30, 2018	June 30, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 5,149	\$ 5,155
Accounts receivable, net of allowance for doubtful accounts of \$110 and \$102, respectively	6,800	6,370
Inventory	4,144	3,986
Contract asset	278	—
Prepaid and other current assets	741	739
<b>TOTAL CURRENT ASSETS</b>	<b>17,112</b>	<b>16,250</b>
<b>PROPERTY, PLANT AND EQUIPMENT, net</b>	<b>6,310</b>	<b>6,572</b>
<b>LONG-TERM CONTRACT ASSET, net of current portion</b>	<b>60</b>	<b>—</b>
<b>OTHER ASSETS</b>	<b>143</b>	<b>149</b>
<b>GOODWILL</b>	<b>6,735</b>	<b>6,735</b>
<b>INTANGIBLE ASSETS, net</b>	<b>3,536</b>	<b>3,525</b>
<b>TOTAL ASSETS</b>	<b>\$ 33,896</b>	<b>\$ 33,231</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,894	\$ 1,500
Accrued liabilities	2,042	2,061
Current maturities of long-term debt	517	537
Contract liability	1,801	1,894
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,254</b>	<b>5,992</b>
<b>LONG-TERM CONTRACT LIABILITY, net of current portion</b>	<b>462</b>	<b>470</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>137</b>	<b>130</b>
<b>LONG-TERM DEFERRED TAX LIABILITY</b>	<b>25</b>	<b>—</b>
<b>LONG-TERM DEBT, net of current portion</b>	<b>1,335</b>	<b>1,465</b>
<b>TOTAL LIABILITIES</b>	<b>8,213</b>	<b>8,057</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.01 par value per share; 20,000,000 shares authorized; 16,377,636 shares issued and 16,082,021 shares outstanding	164	164
Treasury stock, at cost, 295,615 shares repurchased	(1,554 )	(1,554 )
Additional paid-in capital	28,722	28,621
Accumulated deficit	(1,649 )	(2,057 )

TOTAL STOCKHOLDERS' EQUITY	25,683	25,174
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 33,896	\$ 33,231

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

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SHARPS COMPLIANCE CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)  
(In thousands, except per-share data)  
Three-Month