
**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): July 18, 2018

SCHMITT INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction
of incorporation or organization)

000-23996
(Commission
File Number)

93-1151989
(I.R.S. Employer
Identification Number)

2765 N.W. Nicolai Street
Portland, Oregon
(Address of principal executive offices)

97210-1818
(Zip Code)

Registrant's telephone number, including area code: (503) 227-7908

Not Applicable
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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Item 2.02 Results of Operations and Financial Condition.

On July 18, 2018, Schmitt Industries, Inc. issued a press release entitled “Schmitt Industries Announces Fourth Quarter and Fiscal 2018 Operating Results.” A copy of the press release is furnished as Exhibit 99.1 to this report.

The information contained in this Current Report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(c) On July 13, 2018, the Compensation Committee of the Board of Directors of Schmitt Industries, Inc. approved cash bonuses in the amount of \$15,000 payable immediately to each of David W. Case, President and CEO, and Ann M. Ferguson, CFO and Treasurer.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 [Press release entitled “Schmitt Industries Announces Fourth Quarter and Fiscal 2018 Operating Results.”](#)

Forward Looking Statements

Certain statements in this release, including but not limited to remarks by David W. Case, are “forward-looking statements.” These statements are based upon current expectations, estimates and projections about the Company’s business that are based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including, but not limited to, general economic conditions and global financial concerns, the volatility of the Company’s primary markets, efforts to accelerate growth in sales of the Xact® tank monitoring systems and the ability to satisfy expected demand, the ability to develop new products to satisfy changes in consumer demands, the intensity of competition, the effect on production time and overall costs of products if any of our primary suppliers are lost or if a primary supplier increases the prices of raw materials or components, the ability to ramp up manufacturing to satisfy increasing demand, maintenance of a significant investment in inventories in anticipation of future sales, existing cash levels which may not be sufficient to fund future growth, the ability to obtain financing if needed to fund operations or growth through commercial loans or capital fund raising at terms acceptable to the Company and its shareholders, fluctuations in quarterly and annual operating results, attracting and retaining key management and qualified technical and sales personnel, changes in effective tax rates, the ability to reduce operating costs if sales decline, increased costs due to changes in securities laws and regulations, protection of intellectual property rights, and risks from international sales and currency fluctuations.

For further information regarding risks and uncertainties associated with the Company’s business, please refer to Schmitt’s SEC filings, including, but not limited to, its Forms 10-K, 10-Q and 8-K.

The forward-looking statements in this release speak only as of the date on which they were made, and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release, or for changes to this document made by wire services or internet service providers.

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.

SCHMITT INDUSTRIES, INC.

July 18, 2018

By: /s/ Ann M Ferguson

Name: Ann M Ferguson

Title: Chief Financial Officer and Treasurer



IMMEDIATE NEWS RELEASE
Schmitt Industries Announces Fourth Quarter and
Fiscal 2018 Operating Results

July 18, 2018

NASDAQ: SMIT

Portland, Oregon – Schmitt Industries, Inc. (NASDAQ: SMIT) today announced its operating results for the fourth quarter and fiscal year ended May 31, 2018. Results for the quarter and fiscal year ended May 31, 2018 reflect the Company’s on-going initiatives to (1) focus on the Company’s core products and businesses and (2) grow each of those businesses while evaluating the best strategy for each of the product lines.

Fourth Quarter and Fiscal 2018 Highlights:

- Net income was \$225,936 for the quarter ended May 31, 2018 and \$210,639 for Fiscal 2018;
- Fully diluted EPS was \$0.06 for both the quarter and fiscal year ended May 31, 2018;
- Gross margin increased to 42.6% for the fourth quarter and 43.7% for Fiscal 2018;
- Balancer segment sales were in excess of \$2 million for the fifth consecutive quarter;
- Record monitoring revenues in our Xact product line were achieved for both the fourth quarter and Fiscal 2018, and;
- Rights Offering was successfully completed in December 2017, which provided the Company net cash proceeds of \$2,386,029.

Summary data for the three months and fiscal years ended May 31, 2018 and 2017:

	<u>Three Months Ended May 31,</u>		<u>Change (\$)</u>	<u>Change (%)</u>
	<u>2018</u>	<u>2017</u>		
Total net sales	\$ 3,794,677	\$ 3,650,428	\$ 144,249	4.0%
Balancer segment	2,587,776	2,274,277	313,499	13.8%
Measurement segment	1,206,901	1,376,151	(169,250)	-12.3%
Gross margin	42.6%	34.6%		
Operating expenses	\$ 1,377,430	\$ 1,684,783	(307,353)	-18.2%
Net income (loss)	\$ 225,936	\$ (433,932)	659,868	
Net income (loss) per fully diluted share	\$ 0.06	\$ (0.14)		

	<u>Fiscal Years Ended May 31,</u>		<u>Change (\$)</u>	<u>Change (%)</u>
	<u>2018</u>	<u>2017</u>		
Total net sales	\$13,888,063	\$12,397,643	\$1,490,420	12.0%
Balancer segment	9,026,830	7,082,474	1,944,356	27.5%
Measurement segment	4,861,233	5,315,169	(453,936)	-8.5%
Gross margin	43.7%	39.4%		
Operating expenses	\$ 5,909,942	\$ 5,874,491	35,451	0.6%
Net income (loss)	\$ 210,639	\$ (1,073,364)	1,284,003	
Net income (loss) per fully diluted share	\$ 0.06	\$ (0.36)		

“We began the year focused on increasing sales, margins and income, which we accomplished in Fiscal 2018,” commented David W. Case, President and CEO of Schmitt Industries. “With the successful completion of the Rights Offering in December 2017, the Company was able to invest in inventory which has allowed us the flexibility to ramp up manufacturing to satisfy increasing demands. We are encouraged that Balancer sales are once again in excess of the \$2 million mark for the fifth consecutive quarter and that Xact monitoring revenues are at an all time high for the quarter and fiscal year. The Company’s operating and strategic initiatives are on-going and include the evaluation of strategies for each of the product lines,” Case added.

About Schmitt Industries

Schmitt Industries, Inc. (the Company) designs, manufactures and sells high precision test and measurement products for two main business segments: the Balancer Segment and the Measurement Segment. For the Balancer Segment, the Company designs, manufactures and sells computer-controlled vibration detection, balancing and process control systems for the worldwide machine tool industry, particularly for grinding machines. The Company also provides sales and service for Europe and Asia through its wholly owned subsidiary, Schmitt Europe Limited (SEL), located in Coventry, England and through its sales representative office located in Shanghai, China. For the Measurement Segment, the Company has two core product lines: the Acuity® product line, which consists of sales of laser and white light sensor distance measurement and dimensional sizing products; and the Xact® product line, which consists of sales of remote tank monitoring products that measure the fill levels of tanks holding propane, diesel and other tank-based liquids and revenues from the related monitoring services associated with the transmission of data from the tanks to a secure web site.

FORWARD-LOOKING STATEMENTS

Certain statements in this release, including but not limited to remarks by David W. Case, are “forward-looking statements.” These statements are based upon current expectations, estimates and projections about the Company’s business that are based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including, but not limited to, general economic conditions and global financial concerns, the volatility of the Company’s primary markets, the ability to develop new products to satisfy changes in consumer demands, the intensity of competition, increased pricing pressure from both competitors and customers, the effect on production time and overall costs of products if any of our primary suppliers are lost or if a primary supplier increases the prices of raw materials or components, the ability to ramp up manufacturing to satisfy increasing demand, maintenance of a significant investment in inventories in anticipation of future sales, existing cash levels which may not be sufficient to fund future growth, fluctuations in quarterly and annual operating results, risks associated with operating a global business including risks from international sales, changes in foreign import tariffs and currency fluctuations including the United Kingdom’s likely exit from the European Union, ability to reduce operating costs if sales decline, attracting and retaining key management and qualified technical and sales personnel, changes in effective tax rates, the increased costs due to changes in securities laws and regulations, and protection of intellectual property rights.

For further information regarding risks and uncertainties associated with the Company’s business, please refer to Schmitt’s SEC filings, including, but not limited to, its Forms 10-K, 10-Q and 8-K.

The forward-looking statements in this release speak only as of the date on which they were made, and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release, or for changes to this document made by wire services or internet service providers.

For more information contact: Ann M. Ferguson, CFO and Treasurer
(503) 227-7908 or visit our web site at www.schmitt-ind.com

SCHMITT INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>May 31, 2018</u>	<u>May 31, 2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,053,181	\$ 867,607
Restricted cash	58,352	—
Accounts receivable, net	2,047,032	2,344,373
Inventories	5,710,888	4,204,723
Prepaid expenses	148,924	115,756
Income taxes receivable	—	7,310
	<u>10,018,377</u>	<u>7,539,769</u>
Property and equipment, net	<u>770,915</u>	<u>865,224</u>
Other assets		
Intangible assets, net	496,768	601,351
TOTAL ASSETS	<u>\$11,286,060</u>	<u>\$ 9,006,344</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,024,256	\$ 1,101,066
Accrued commissions	194,797	300,234
Accrued payroll liabilities	188,568	360,239
Other accrued liabilities	358,790	267,418
Income taxes payable	3,993	—
Total current liabilities	<u>1,770,404</u>	<u>2,028,957</u>
Stockholders' equity		
Common stock, no par value, 20,000,000 shares authorized, 3,994,545 shares issued and outstanding at May 31, 2018 and 2,995,910 shares issued and outstanding at May 31, 2017	13,085,652	10,649,287
Accumulated other comprehensive loss	(536,307)	(427,572)
Accumulated deficit	(3,033,689)	(3,244,328)
Total stockholders' equity	<u>9,515,656</u>	<u>6,977,387</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$11,286,060</u>	<u>\$ 9,006,344</u>

SCHMITT INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS AND FISCAL YEARS ENDED MAY 31, 2018 AND 2017
(UNAUDITED)

	<u>Three Months Ended May 31,</u>		<u>Fiscal Years Ended May 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net sales	\$ 3,794,677	\$ 3,650,428	\$13,888,063	\$12,397,643
Cost of sales	2,177,377	2,387,322	7,822,749	7,511,836
Gross profit	1,617,300	1,263,106	6,065,314	4,885,807
Operating expenses:				
General, administration and sales	1,303,120	1,617,454	5,582,625	5,618,327
Research and development	74,310	67,329	327,317	256,164
Total operating expenses	1,377,430	1,684,783	5,909,942	5,874,491
Operating loss	239,870	(421,677)	155,372	(988,684)
Other income (expense), net	(7,254)	(5,618)	81,182	(56,671)
Income (loss) before income taxes	232,616	(427,295)	236,554	(1,045,355)
Provision for income taxes	6,680	6,637	25,915	28,009
Net income (loss)	\$ 225,936	\$ (433,932)	\$ 210,639	\$ (1,073,364)
Net income (loss) per common share, basic	\$ 0.06	\$ (0.14)	\$ 0.06	\$ (0.36)
Weighted average number of common shares, basic	3,994,545	2,995,910	3,422,724	2,995,910
Net income (loss) per common share, diluted	\$ 0.06	\$ (0.14)	\$ 0.06	\$ (0.36)
Weighted average number of common shares, diluted	4,041,797	2,995,910	3,460,339	2,995,910