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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of Earliest Event Reported): April 14, 2020**

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**SCHMITT INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

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**Oregon**  
(State or other jurisdiction  
of incorporation or organization)

**001-38964**  
(Commission  
File Number)

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

**2765 N.W. Nicolai Street  
Portland, Oregon 97210-1818**  
(Address of principal executive offices) (Zip Code)

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

**Not Applicable**  
Former name or former address, if changed since last report

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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))

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
<b>Common Stock – no par value</b>	<b>SMIT</b>	<b>NASDAQ Capital Market</b>
<b>Series A Junior Participating Preferred Stock</b>		
<b>Purchase Rights</b>		

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.

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**Item 2.02 Results of Operations and Financial Condition.**

On April 14, 2020, Schmitt Industries, Inc. issued a press release entitled “Schmitt Announces Third Quarter 2020 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 9.01 Financial Statements and Exhibits.**

(d) Exhibits

[99.1 Press release entitled “Schmitt Announces Third Quarter 2020 Operating Results.”](#)

**Forward Looking Statements**

This document may contain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. 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. A complete discussion of the risks and uncertainties that may affect Schmitt’s business, including the business of its subsidiary, is included in “Risk Factors” in the Company’s most recent Annual Report on Form 10-K as filed by the Company with the Securities and Exchange Commission.

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.

April 15, 2020

By: /s/ Jamie Schmidt

Name: Jamie Schmidt

Title: Chief Financial Officer and Treasurer



## IMMEDIATE NEWS RELEASE

**Schmitt Announces Third Quarter 2020 Operating Results**

April 14, 2020

NASDAQ: SMIT

Portland, Oregon – Schmitt Industries, Inc. (NASDAQ: SMIT) (the “Company” or “Schmitt”) today announced its operating results for the third quarter of Fiscal 2020.

Highlights of the three and nine months ended February 29, 2020:

- Company revenue decreased 2.3% and 8.6% for the three and nine months ended February 29, 2020, respectively, as compared to the three and nine months ended February 28, 2019. The decrease is primarily due to a 14.4% decrease in Acuity product revenue for the three months ended February 29, 2019, and to a 34.9% decrease in Xact product revenue and a 14.9% decrease in Acuity product revenue for the nine months ended February 29, 2020. Xact’s monitoring revenue continued to grow, increasing 11.5% and 13.5% to \$391,678 and \$1,140,494, respectively, for the three months and nine months ended February 29, 2020.
- Gross margin increased to 55.1% and 45.6% for the three and nine months ended February 29, 2020, respectively. The increase was primarily due to an inventory reserve adjustment in Q3 FY19, better pricing from vendors and improved pricing in the Xact business line for the three months ended February 29, 2020, and primarily due to a favorable product mix shift for the nine months ended February 29, 2020.
- Operating expenses increased 24.5% and 15.7% for the three and nine months ended February 29, 2020, respectively. The increase was primarily due to stock-based compensation recognized as a result of vesting of market-based RSUs for the three and nine months ended February 29, 2020.
- Adjusted EBITDA was \$1,612 and \$(101,011) for the three and nine months ended February 29, 2020, respectively, as compared to \$(30,764) and \$(348,437) for the three and nine months ended February 28, 2019, respectively.
- Net loss from continuing operations per fully diluted share was \$(0.06) and \$(0.29) for the three and nine months ended February 29, 2020. Excluding expenses not expected to be incurred in future periods, including unrecoverable inventory costs, non-GAAP EPS was \$(0.02) and \$(0.11) for the three and nine months ended February 28, 2020, respectively.

Michael Zapata, Schmitt’s CEO and Chairman, commented, “This past quarter is indicative of the team’s focus on transitioning into Schmitt 2.0. Given the recent global developments, we are fortunate to have successfully consummated the SBS transaction last fall, which gives us a strong balance sheet and cash to be opportunistic in a difficult environment.”

“In the face of many unknowns and the unprecedented circumstances of COVID-19 pandemic we are dealing with, I believe we are also positioned well with a management team that has experience operating and making decisions in uncertain environments. As we continue forward in these uncertain times, I want to thank our team as they remain focused on long-term goals with an ability to remain flexible and adaptive. This will pass and I’m confident we will be stronger once we emerge from this environment.”

CORPORATE OFFICE: 2765 NW NICOLAI ST. • PORTLAND, OREGON 97210 • 503/227-7908 • FAX 503/223-1258

### COVID-19 Update

Schmitt has implemented COVID-19 response and business continuity plans to protect its employees and their families, to safeguard continuity of Schmitt operations, and to ensure full support to its customers and partners. For the time being, the Company has implemented new safety guidelines that maximize interpersonal space to protect employees working on location, while all other employees who can telecommute work remotely.

The Company is highly focused on retaining its workforce and leadership during these extraordinary times and will continue to evaluate the business environment and outlook to ensure preservation of enterprise value under a wide range of circumstances.

### De-listing and Deregistration Update

Schmitt continues to evaluate a shareholder value opportunity in regard to the previously announced intent to delist. There can be no assurance that the Company will enter into an agreement relating to the transaction or as to the timing or the terms of such opportunity thereof or what impact of such opportunity would be on the trading of the Company's common stock. To the extent that the Company elects to proceed with delisting, it will provide shareholders and NASDAQ ten days notice of any intent to file a Form 25.

### Share Repurchases

On December 3, 2019, the Company announced that its Board of Directors authorized a share repurchase plan to buy up to \$2 million of its Common Stock. Since the announcement, the Company has repurchased approximately 10% of its shares through both a private transaction for 365,490 shares at \$3.25 per share and 46,932 shares at an average price of \$3.10 per share, which was done in accordance with a 10b5-1 plan. At this time, the plan has been suspended pending the evaluation of the shareholder value opportunity discussed above. Due to the private transaction remaining outside of the \$2m repurchase plan, \$1.85 million remains available on the repurchase plan once resumed.

#### Summary data for the three months ended February 29 and 28, 2020 and 2019:

	Three Months Ended February 29 and 28,		Change (\$)	Change (%)
	2020	2019		
Total net revenue	\$1,094,967	\$1,120,545	\$ (25,578)	(2.3%)
Gross margin	55.1%	37.1%		
Operating expenses	\$1,035,322	\$ 831,602	\$203,720	24.5%
Net loss from continuing operations	\$ (240,277)	\$ (423,963)	\$183,686	(43.3%)
Net loss per fully diluted share from continuing operations	\$ (0.06)	\$ (0.11)	\$ 0.04	(41.2%)

#### Summary data for the nine months ended February 29 and 28, 2020 and 2019:

	Nine Months Ended February 29 and 28,		Change (\$)	Change (%)
	2020	2019		
Total net revenue	\$ 3,222,846	\$ 3,524,666	\$(301,820)	(8.6%)
Gross margin	45.6%	39.0%		
Operating expenses	\$ 2,818,187	\$ 2,435,661	\$ 382,526	15.7%
Net loss from continuing operations	\$(1,138,481)	\$(1,058,660)	\$ (79,821)	7.5%
Net loss per fully diluted share from continuing operations	\$ (0.29)	\$ (0.26)	\$ (0.02)	7.6%

Reconciliation of Adjusted EBITDA:

	Three Months Ended February 29, 2020	Nine Months Ended February 29, 2020
Loss before income taxes from continuing operations	\$ (244,483)	\$ (1,150,516)
Depreciation and amortization	37,803	121,080
<b>EBITDA from continuing operations</b>	<b>\$ (206,680)</b>	<b>\$ (1,029,436)</b>
Adjusted for:		
Stock-based compensation	134,122	326,724
Non-recurring expenses	93,249	601,929
Software write-down & recoveries	(19,079)	57,942
Non-recurring loss from discontinued product line	—	(134,269)
Unrecoverable inventory costs	—	76,099
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 1,612</b>	<b>\$ (101,011)</b>
	Three Months Ended February 28, 2019	Nine Months Ended February 28, 2019
Loss before income taxes from continuing operations	\$ (421,774)	\$ (1,052,244)
Depreciation and amortization	42,118	131,097
<b>EBITDA from continuing operations</b>	<b>\$ (379,656)</b>	<b>\$ (921,147)</b>
Adjusted for:		
Stock-based compensation	(3,309)	5,679
Inventory reserve adjustment	116,131	116,131
Non-recurring expenses	236,070	450,900
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ (30,764)</b>	<b>\$ (348,437)</b>

Reconciliation of Adjusted Net Income and Non-GAAP EPS:

	Three Months Ended February 29, 2020	Nine Months Ended February 29, 2020
Net loss from continuing operations	\$ (240,277)	\$ (1,138,481)
Adjusted for:		
Stock-based compensation	134,122	326,724
Non-recurring expenses	93,249	601,929
Software write-down & recoveries	(19,079)	57,942
Non-recurring loss from discontinued product line	—	(134,269)
Unrecoverable inventory costs	—	76,099
Tax effect of adjustments*	(52,073)	(232,106)
<b>Adjusted net loss from continuing operations (non-GAAP)</b>	<b>\$ (84,058)</b>	<b>\$ (442,162)</b>
<b>Non-GAAP (loss) per fully diluted share</b>	<b>\$ (0.02)</b>	<b>\$ (0.11)</b>

\* Assumes a marginal effective tax rate of 25%



Productivity through Precision.

### **About Schmitt Industries**

Schmitt Industries, Inc., founded in 1987, designs, manufactures and sells high precision test and measurement products, solutions and services through its Acuity® and Xact® product lines. Acuity provides laser and white light sensor distance measurement and dimensional sizing products, and our Xact line provides ultrasonic-based remote tank monitoring products and related monitoring revenues for markets in the Internet of Things environment.

### **FORWARD-LOOKING STATEMENTS**

This document may contain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. 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. A complete discussion of the risks and uncertainties that may affect Schmitt's business, including the business of its subsidiary, is included in "Risk Factors" in the Company's most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q as filed by the Company with the Securities and Exchange Commission.

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: Michael R. Zapata, President and CEO  
Jamie Schmidt, CFO and Treasurer  
(503) 227-7908 or visit our web site at [www.schmitt-ind.com](http://www.schmitt-ind.com)

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**SCHMITT INDUSTRIES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	February 29, 2020	May 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,544,255	\$ 1,467,435
Restricted cash	420,000	—
Accounts receivable, net	645,691	631,126
Inventories	1,057,084	1,241,132
Prepaid expenses	91,376	101,617
Current assets held for sale	—	5,192,384
<b>Total current assets</b>	<u>12,758,406</u>	<u>8,633,694</u>
<b>Property and equipment, net</b>	<u>659,263</u>	<u>753,407</u>
<b>Other assets</b>		
Intangible assets, net	313,748	392,185
Noncurrent assets held for sale	—	85,967
<b>TOTAL ASSETS</b>	<u>\$ 13,731,417</u>	<u>\$ 9,865,253</u>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 277,825	\$ 102,566
Accrued commissions	54,317	71,663
Accrued payroll liabilities	51,981	112,351
Customer deposits and prepayments	104,578	78,376
Other accrued liabilities	620,687	128,353
Income taxes payable	62,788	491
Current portion of long-term liabilities	—	20,828
Current liabilities held for sale	—	849,149
<b>Total current liabilities</b>	<u>1,172,176</u>	<u>1,363,777</u>
Long-term liabilities	—	28,543
<b>Total liabilities</b>	<u>1,172,176</u>	<u>1,392,320</u>
<b>Stockholders' equity</b>		
Common stock, no par value, 20,000,000 shares authorized, 3,783,485 shares issued and outstanding at February 29, 2020 and 4,032,878 shares issued and outstanding at May 31, 2019	12,247,264	13,245,439
Accumulated other comprehensive loss	—	(527,827)
Retained earnings (accumulated deficit)	311,977	(4,244,679)
<b>Total stockholders' equity</b>	<u>12,559,241</u>	<u>8,472,933</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 13,731,417</u>	<u>\$ 9,865,253</u>

**SCHMITT INDUSTRIES, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 29 AND 28, 2020 AND 2019**  
**(UNAUDITED)**

	Three Months Ended February 29 and 28,		Nine Months Ended February 29 and 28,	
	2020	2019	2020	2019
Net revenue	\$1,094,967	\$1,120,545	\$ 3,222,846	\$ 3,524,666
Cost of revenue	491,346	705,259	1,752,116	2,148,567
Gross profit	<u>603,621</u>	<u>415,286</u>	<u>1,470,730</u>	<u>1,376,099</u>
Operating expenses:				
General, administration and sales	1,011,414	826,105	2,785,816	2,382,756
Research and development	23,908	5,497	32,371	52,905
Total operating expenses	<u>1,035,322</u>	<u>831,602</u>	<u>2,818,187</u>	<u>2,435,661</u>
Operating (loss)	(431,701)	(416,316)	(1,347,457)	(1,059,562)
Other income, net	187,218	(5,458)	196,941	7,318
(Loss) before income taxes	(244,483)	(421,774)	(1,150,516)	(1,052,244)
Provision for income taxes	(4,206)	2,189	(12,035)	6,416
Net (loss) from continuing operations	(240,277)	\$ (423,963)	\$(1,138,481)	\$(1,058,660)
Income from discontinued operations, including gain on sale, net of tax	109,107	(51,226)	5,695,137	116,382
Net income (loss)	<u>\$ (131,170)</u>	<u>\$ (475,189)</u>	<u>\$ 4,556,656</u>	<u>\$ (942,278)</u>
Net (loss) per common share from continuing operations:				
Basic	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ (0.29)</u>	<u>\$ (0.26)</u>
Weighted average number of common shares, basic	<u>3,858,287</u>	<u>4,000,990</u>	<u>3,992,664</u>	<u>3,996,670</u>
Diluted	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ (0.29)</u>	<u>\$ (0.26)</u>
Weighted average number of common shares, diluted	<u>3,858,287</u>	<u>4,000,990</u>	<u>3,992,664</u>	<u>3,996,670</u>
Net income per common share from discontinued operations:				
Basic	<u>\$ 0.03</u>	<u>\$ (0.01)</u>	<u>\$ 1.43</u>	<u>\$ 0.03</u>
Weighted average number of common shares, basic	<u>3,858,287</u>	<u>4,000,990</u>	<u>3,992,664</u>	<u>3,996,670</u>
Diluted	<u>\$ 0.03</u>	<u>\$ (0.01)</u>	<u>\$ 1.43</u>	<u>\$ 0.03</u>
Weighted average number of common shares, diluted	<u>3,858,287</u>	<u>4,000,990</u>	<u>3,992,664</u>	<u>3,996,670</u>
Net income (loss) per common share:				
Basic	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>	<u>\$ 1.14</u>	<u>\$ (0.24)</u>
Weighted average number of common shares, basic	<u>3,858,287</u>	<u>4,000,990</u>	<u>3,992,664</u>	<u>3,996,670</u>
Diluted	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>	<u>\$ 1.14</u>	<u>\$ (0.24)</u>
Weighted average number of common shares, diluted	<u>3,858,287</u>	<u>4,000,990</u>	<u>3,992,664</u>	<u>3,996,670</u>
<b>Comprehensive income (loss)</b>				
Net income (loss)	\$ (131,170)	\$ (475,189)	\$ 4,556,656	\$ (942,278)
Foreign currency translation adjustment	—	(47,256)	527,827	26,481
<b>Total comprehensive income (loss)</b>	<u>\$ (131,170)</u>	<u>\$ (522,445)</u>	<u>\$ 5,084,483</u>	<u>\$ (915,797)</u>