

MESA LABORATORIES INC /CO  
Form 10-Q  
November 06, 2017

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**United States**

**Securities and Exchange Commission**

**Washington, D.C. 20549**

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**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, 2017**

**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: 0-11740**

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**MESA LABORATORIES, INC.**

(Exact name of registrant as specified in its charter)

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

**84-0872291**  
(I.R.S. Employer  
Identification number)

**12100 West Sixth Avenue**  
**Lakewood, Colorado** **80228**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(303) 987-8000**

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 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 (Section 232.405 of 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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

|                         |                   |  |                           |                         |
|-------------------------|-------------------|--|---------------------------|-------------------------|
| Large accelerated filer | Accelerated filer | Non-accelerated filer<br>(Do not check if a smaller reporting company) | 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

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

There were 3,779,749 shares of the Issuer's common stock, no par value, outstanding as of October 27, 2017.

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Signatures

Certification of Chief  
Executive Officer  
Pursuant to Rule  
13a-14(a)

Certification of Chief  
Financial Officer  
Pursuant to Rule  
13a-14(a)

Certification of Chief  
Executive Officer  
Pursuant to Rule  
13a-14(b) and 18

U.S.C. Section 1350  
Certification of Chief  
Financial Officer  
Pursuant to Rule

13a-14(b) and 18  
U.S.C. Section 1350

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**Part I. Financial Information****Item 1. Financial Statements****Mesa Laboratories, Inc.****Condensed Consolidated Balance Sheets**

(In thousands, except share amounts)

|   | <b>September<br/>30, 2017</b> | <b>March<br/>31, 2017</b> |
|---|-------------------------------|---------------------------|
|   | <b>(Unaudited)</b>            |                           |
| <b>ASSETS</b>   |                               |                           |
| Current assets:   |                               |                           |
| Cash and cash equivalents   | \$ 10,268                     | \$5,820                   |
| Accounts receivable, less allowances of \$245 and \$252, respectively | 12,187                        | 14,319                    |
| Inventories, net  | 12,913                        | 13,873                    |
| Prepaid income taxes  | 2,039                         | 587                       |
| Prepaid expenses and other  | 1,975                         | 1,186                     |
| Assets held for sale  | 1,934                         | --                        |
| Total current assets  | 41,316                        | 35,785                    |
| Property, plant and equipment, net                                    | 23,760                        | 26,002                    |
| Intangibles, net  | 35,443                        | 37,790                    |
| Goodwill  | 73,414                        | 72,156                    |
| Total assets  | \$ 173,933                    | \$171,733                 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                           |                               |                           |
| Current liabilities:  |                               |                           |
| Accounts payable  | \$ 2,036                      | \$2,168                   |
| Accrued salaries and payroll taxes                                    | 3,420                         | 4,350                     |
| Unearned revenues   | 3,805                         | 4,117                     |
| Current portion of contingent consideration                           | 1,165                         | 1,294                     |
| Other accrued expenses  | 2,649                         | 2,999                     |
| Income taxes payable  | --                            | 514                       |
| Current portion of long-term debt                                     | 1,375                         | 1,125                     |
| Total current liabilities   | 14,450                        | 16,567                    |

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|  |            |            |
|--|------------|------------|
| Deferred income taxes  | 3,698      | 3,554      |
| Long-term debt, net of debt issuance costs and current portion   | 50,455     | 53,675     |
| Contingent consideration   | 92         | 116        |
| Total liabilities  | 68,695     | 73,912     |
| Commitments and Contingencies (Note 8)   |            |            |
| Stockholders' equity:  |            |            |
| Common stock, no par value; authorized 25,000,000 shares; issued and outstanding, 3,779,717 and 3,727,704 shares, respectively | 28,974     | 25,925     |
| Retained earnings  | 76,325     | 73,656     |
| Accumulated other comprehensive loss   | (61        | ) (1,760 ) |
| Total stockholders' equity   | 105,238    | 97,821     |
| Total liabilities and stockholders' equity   | \$ 173,933 | \$ 171,733 |

See accompanying notes to condensed consolidated financial statements.

**Mesa Laboratories, Inc.****Condensed Consolidated Statements of Income**

(Unaudited)

(In thousands except per share data)

|                            | <b>Three Months<br/>Ended<br/>September 30,<br/>2017</b> |          | <b>Six Months<br/>Ended<br/>September 30,<br/>2016</b> |          |
|----------------------------|--|----------|--|----------|
| Revenues                   | \$22,954   | \$24,409 | \$45,627   | \$45,523 |
| Cost of revenues           | 9,721  | 10,685   | 19,723   | 19,785   |
| Gross profit               | 13,233   | 13,724   | 25,904   | 25,738   |
| Operating expenses         |  |          |  |          |
| Selling                    | 2,288  | 2,694    | 4,967  | 5,118    |
| General and administrative | 6,412  | 5,973    | 13,269   | 11,953   |
| Research and development   | 885  | 1,045    | 2,038  | 2,080    |
| Total operating expenses   | 9,585  | 9,712    | 20,274   | 19,151   |
| Operating income           | 3,648  | 4,012    | 5,630  | 6,587    |
| Other expense, net         | 542  | 800      | 1,221  |          |