

HARVARD BIOSCIENCE INC  
Form 10-Q  
November 01, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**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**

**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 001-33957**

**HARVARD BIOSCIENCE, INC.**

**(Exact Name of Registrant as Specified in Its Charter)**



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.

As of October 25, 2018, there were 37,293,918 shares of common stock, par value \$0.01 per share, outstanding.

**HARVARD BIOSCIENCE, INC.**

**FORM 10-Q**

**For the Quarter Ended September 30, 2018**

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****HARVARD BIOSCIENCE, INC.****CONSOLIDATED BALANCE SHEETS****(Unaudited, in thousands, except share and per share data)**

	September 30, 2018	December 31, 2017
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$6,661	\$5,192
Accounts receivable, net of allowance for doubtful accounts of \$301 and \$193, respectively	17,880	13,382
Inventories	25,739	16,848
Other receivables and other assets	4,248	3,709
Current assets held for sale	-	8,404
Total current assets	54,528	47,535
Property, plant and equipment, net	5,392	3,743
Deferred income tax assets	179	182
Amortizable intangible assets, net	46,110	10,030
Goodwill	55,801	36,336
Other indefinite lived intangible assets	1,238	1,244
Other assets	1,792	324
Long term assets held for sale	-	9,960
Total assets	\$165,040	\$109,354
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion, long-term debt	\$1,799	\$2,765
Accounts payable	5,392	4,410
Deferred revenue	3,267	505
Accrued income taxes	576	395
Accrued expenses	6,301	3,816
Other liabilities - current	1,926	293
Current liabilities held for sale	-	1,857
Total current liabilities	19,261	14,041

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Long-term debt, less current installments	59,247	8,983
Deferred income tax liabilities	2,122	2,653
Other long term liabilities	3,451	1,466
Long term liabilities held for sale	-	1,311
Total liabilities	84,081	28,454
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 5,000,000 shares authorized	-	-
Common stock, par value \$0.01 per share, 80,000,000 shares authorized; 45,032,925 and 42,763,985 shares issued and 37,287,418 and 35,018,478 shares outstanding, respectively	435	419
Additional paid-in-capital	225,530	218,792
Accumulated deficit	(122,751)	(116,967)
Accumulated other comprehensive loss	(11,587 )	(10,676 )
Treasury stock at cost, 7,745,507 common shares	(10,668 )	(10,668 )
Total stockholders' equity	80,959	80,900
Total liabilities and stockholders' equity	\$ 165,040	\$ 109,354

See accompanying notes to unaudited consolidated financial statements.

Table of Contents**HARVARD BIOSCIENCE, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)****(Unaudited, in thousands, except per share data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	\$28,635	\$18,717	\$86,916	\$55,761
Cost of revenues	12,818	9,217	42,475	27,611
Gross profit	15,817	9,500	44,441	28,150
Sales and marketing expenses	6,021	3,635	17,976	10,663
General and administrative expenses	4,655	4,317	15,297	13,219
Research and development expenses	2,783	1,538	7,943	4,119
Amortization of intangible assets	1,468	400	3,983	1,158
Total operating expenses	14,927	9,890	45,199	29,159
Operating income (loss)	890	(390 )	(758 )	(1,009 )
Other expense:				
Foreign exchange	(26 )	(73 )	(28 )	(488 )
Interest expense, net	(1,458 )	(189 )	(3,835 )	(532 )
Other expense, net	(314 )	(12 )	(3,399 )	(117 )
Other expense, net	(1,798 )	(274 )	(7,262 )	(1,137 )
Loss from continuing operations before income taxes	(908 )	(664 )	(8,020 )	(2,146 )
Income tax benefit	(652 )	(19 )	(416 )	(141 )
Loss from continuing operations	(256 )	(645 )	(7,604 )	(2,005 )
Discontinued operations:				
Income from discontinued operations before income taxes	-	254	937	231
Income tax expense (benefit)	-	26	(883 )	90
Income from discontinued operations	-	228	1,820	141
Net loss	\$(256 )	\$(417 )	\$(5,784 )	\$(1,864 )
Loss per share:				
Basic loss per common share from continuing operations	\$(0.01 )	\$(0.02 )	\$(0.21 )	\$(0.06 )
Basic earnings per common share from discontinued operations	-	0.01	0.05	-
Basic loss per common share	\$(0.01 )	\$(0.01 )	\$(0.16 )	\$(0.05 )
Diluted loss per common share from continuing operations	\$(0.01 )	\$(0.02 )	\$(0.21 )	\$(0.06 )
Diluted earnings per common share from discontinued operations	-	0.01	0.05	-

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Diluted loss per common share									
Weighted average common shares:									
Basic									
Diluted									
Comprehensive income (loss):									
Net loss									
Foreign currency translation adjustments									
Derivatives qualifying as hedges, net of tax:									
Gain (loss) on derivative instruments designated and qualifying as cash flow hedges									
Amounts reclassified from accumulated other comprehensive loss to net loss									
Total comprehensive income (loss)									

See accompanying notes to unaudited consolidated financial statements.



Table of Contents**HARVARD BIOSCIENCE, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited, in thousands)**

	Nine Months Ended September 30, 2018      2017	
Cash flows from operating activities:		
Net loss	\$(5,784)	\$(1,864)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Stock compensation expense	2,232	2,604
Depreciation	1,474	1,009
Gain on sale of Denville	(1,251)	-
Gain on disposal of fixed assets	(3 )	-
Amortization of catalog costs	20	31
Provision for allowance for doubtful accounts	3	1
Amortization of intangible assets	4,030	1,825
Amortization of deferred financing costs	511	36
Deferred income taxes	49	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	918	1,000
Decrease (increase) in inventories	2,112	(608 )
Increase in other receivables and other assets	(1,184)	(563 )
Decrease in trade accounts payable	(442 )	(786 )
Increase in accrued income taxes	211	35
Decrease in accrued expenses	(1,968)	(830 )
Increase in deferred revenue	1,929	99
(Decrease) increase in other liabilities		