

JAMBA, INC.
Form 10-Q
November 06, 2013

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

FORM 10-Q

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

For the quarterly period ended October 1, 2013

OR

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

For the transition period from to

Jamba, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	001-32552 (Commission File No.)	20-2122262 (I.R.S. Employer Identification No.)
--	--	--

6475 Christie Avenue, Suite 150, Emeryville, California 94608
(Address of principal executive offices)

Registrant's telephone number, including area code: (510) 596-0100

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 the filing requirements for the past 90 days. Yes No

Edgar Filing: JAMBA, INC. - Form 10-Q

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 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, or a smaller reporting company. See definition of “accelerated filer”, “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of common stock, \$0.001 par value, of Jamba, Inc. issued and outstanding as of October 31, 2013 was 17,121,724.

JAMBA, INC.
QUARTERLY REPORT ON FORM 10-Q
QUARTERLY PERIOD ENDED OCTOBER 1, 2013

Item		Page
PART I		
FINANCIAL INFORMATION		
1.	<u>UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>3</u>
	<u>CONDENSED CONSOLIDATED BALANCE SHEETS</u>	<u>3</u>
	<u>CONDENSED CONSOLIDATED STATEMENTS OF INCOME</u>	<u>4</u>
	<u>CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY</u>	<u>5</u>
	<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	<u>6</u>
	<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>7</u>
2.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>15</u>
3.	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>30</u>
4.	<u>CONTROLS AND PROCEDURES</u>	<u>30</u>

PART II
OTHER INFORMATION

1.	<u>LEGAL PROCEEDINGS</u>	<u>31</u>
1A.	<u>RISK FACTORS</u>	<u>31</u>
2.	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	<u>31</u>
3.	<u>DEFAULTS UPON SENIOR SECURITIES</u>	<u>31</u>
4.	<u>MINE SAFETY DISCLOSURES</u>	<u>31</u>
5.	<u>OTHER INFORMATION</u>	<u>31</u>
6.	<u>EXHIBITS</u>	<u>32</u>

SIGNATURES

Exhibits

EX-31.1
EX-31.2
EX-32.1
EX-32.2
EX-101

PART I - FINANCIAL INFORMATION**ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

JAMBA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except share and per share amounts)	October 1, 2013	January 1, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,886	\$ 31,486
Restricted cash		205
Receivables, net of allowances of \$210 and \$103	7,187	11,327
Inventories	3,315	3,143
Prepaid and refundable taxes	680	655
Prepaid rent	3,115	3,080
Prepaid expenses and other current assets	2,467	1,681
Total current assets	45,650	51,577
Property, fixtures and equipment, net	39,534	38,442
Goodwill	1,233	1,336
Trademarks and other intangible assets, net	1,244	1,412
Other long-term assets	1,155	846
Total assets	\$ 88,816	\$ 93,613
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,550	\$ 8,206
Accrued compensation and benefits	3,981	7,566
Workers' compensation and health insurance reserves	1,184	1,087
Accrued jambacard liability	26,041	33,634
Other current liabilities	11,584	9,728
Total current liabilities	46,340	60,221
Deferred rent and other long-term liabilities	10,962	11,880
Total liabilities	57,302	72,101
Commitments and contingencies (Note 9 and 10)		
Series B redeemable preferred stock, \$0.001 par value, 304,348 shares authorized; 0		
and 72,889 shares issued and outstanding at October 1, 2013 and January 1, 2013,		7,916
respectively		
Stockholders' equity:		
Common stock, \$0.001 par value, 30,000,000 shares authorized; 17,121,674 and 15,481,782 shares issued and outstanding at October 1, 2013 and January 1, 2013,	17	78

Edgar Filing: JAMBA, INC. - Form 10-Q

respectively		
Additional paid-in capital	390,181	380,007
Accumulated deficit	(358,684)	(366,489)
Total stockholders' equity	31,514	13,596
Total liabilities and stockholders' equity	\$ 88,816	\$ 93,613

Share and per share data have been adjusted for all periods presented to reflect a five-for-one reverse stock split effective May 31, 2013

See accompanying notes to condensed consolidated financial statements.

JAMBA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	13 Week Period Ended October 1, 2013	13 Week Period Ended October 2, 2012	39 Week Period Ended October 1, 2013	39 Week Period Ended October 2, 2012
(In thousands, except share and per share amounts)				
Revenue:				
Company Stores	\$57,092	\$61,795	\$171,030	\$174,350
Franchise and other revenue	4,269	3,687	12,654	10,223
Total revenue	61,361	65,482	183,684	184,573
Costs and operating expenses:				
Cost of sales	14,592	14,918	41,854	40,504
Labor	15,862	16,457	48,466	49,013
Occupancy	7,405	7,353	22,100	22,097
Store operating	9,060	9,328	25,740	26,158
Depreciation and amortization	2,808	2,793	8,348	8,528
General and administrative	8,377	9,663	27,767	29,125
Impairment of long-lived assets	217	75	491	637
Other operating, net	(284)	347	252	579
Total costs and operating expenses	58,037	60,934	175,018	176,641
Income from operations	3,324	4,548	8,666	7,932
Other (expense) income, net:				
Interest income	1	21	1	61
Interest expense	(54)	(52)	(191)	(147)
Total other expense, net	(53)	(31)	(190)	(86)
Income before income taxes	3,271	4,517	8,476	7,846
Income tax expense	(576)	(413)	(671)	(634)
Net income	2,695	4,104	7,805	7,212
Preferred stock dividends and deemed dividends		(1,123)	(588)	(2,076)
Net income available to common stockholders	\$2,695	\$2,981	\$7,217	\$5,136
Weighted-average shares used in the computation of earnings per share:				
Basic	17,084,929	14,134,502	16,680,631	13,690,156
Diluted	17,548,512	14,473,184	17,112,329	14,015,217
Earnings per share:				
Basic	\$0.16	\$0.21	\$0.43	\$0.38
Diluted	\$0.15	\$0.21	\$0.42	\$0.37

Share and per share data have been adjusted for all periods presented to reflect a five-for-one reverse stock split effective May 31, 2013

See accompanying notes to condensed consolidated financial statements.

JAMBA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(In thousands, except share amounts)	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount			
Balance as of January 3, 2012	13,456,097	\$ 68	\$ 369,027	\$ (366,791)	\$ 2,304
Share-based compensation expense			1,431		1,431
Issuance of common stock pursuant to stock plans	42,200		97		97
Conversion of preferred stock	1,910,000	10	10,970		10,980
Accretion of Series B preferred shares			(985)		(985)
Redeemable preferred stock dividends			(1,091)		(1,091)
Exercise of warrant	58,400				
Net income				7,212	7,212
 Balance as of October 2, 2012	 15,466,697	 \$ 78	 \$ 379,449	 \$ (359,579)	 \$ 19,948
 Balance as of January 1, 2013	 15,481,782	 \$ 78	 \$ 380,007	 \$ (366,489)	 \$ 13,596
Share-based compensation expense			1,754		1,754
Issuance of common stock pursuant to stock plans	182,524	1	570		571
Conversion of preferred stock	1,457,780	7	8,375		8,382
Accretion of Series B preferred shares			(466)		(466)
Redeemable preferred stock dividends			(122)		(122)
Repurchase of fractional shares due to reverse stock split	(412)	(69)	63		(6)
Net income				7,805	7,805
 Balance as of October 1, 2013	 17,121,674	 \$ 17	 \$ 390,181	 \$ (358,684)	 \$ 31,514

Share and per share data have been adjusted for all periods presented to reflect a five-for-one reverse stock split effective May 31, 2013

See accompanying notes to condensed consolidated financial statements.

JAMBA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	39 Week Period Ended October 1, 2013	39 Week Period Ended October 2, 2012
Net income	\$ 7,805	\$ 7,212
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	8,348	8,528
Impairment of long-lived assets	491	637
Lease termination, store closure costs and disposals	(1,125)	