

JAMBA, INC.
Form 10-Q
May 09, 2014

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 April 1, 2014

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

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 May 5, 2014 was 17,193,238.

JAMBA, INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTERLY PERIOD ENDED April 1, 2014

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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)	April 1, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$25,294	\$32,386
Receivables, net of allowances of \$280 and \$291	12,570	14,110
Inventories	2,624	2,670
Prepaid and refundable taxes	359	483
Prepaid rent	2,910	307
Prepaid expenses and other current assets	6,545	6,727
Total current assets	50,302	56,683
Property, fixtures and equipment, net	38,320	37,485
Goodwill	1,233	1,233
Trademarks and other intangible assets, net	1,321	1,317
Other long-term assets	1,147	1,198
Total assets	\$92,323	\$97,916
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$4,874	\$5,086
Accrued compensation and benefits	3,827	5,538
Workers' compensation and health insurance reserves	989	1,046
Accrued jambacard liability	33,048	37,121
Other current liabilities	14,691	13,082
Total current liabilities	57,429	61,873
Deferred rent and other long-term liabilities	7,258	9,201
Total liabilities	64,687	71,074
Commitments and contingencies (Note 8)		

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Stockholders' equity:

Common stock, \$0.001 par value, 30,000,000 shares authorized; 17,193,163 and 17,154,655 shares issued and outstanding at April 1, 2014 and December 31, 2013, respectively	\$17	\$17
Additional paid-in capital	392,272	391,234
Accumulated deficit	(364,653)	(364,409)
Total stockholders' equity	27,636	26,842
Total liabilities and stockholders' equity	\$92,323	\$97,916

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 OPERATIONS**

(Unaudited)

(In thousands, except share and per share amounts)	13 Week Period Ended April 1, 2014	13 Week Period Ended April 2, 2013
Revenue:		
Company Stores	\$ 47,272	\$ 51,769
Franchise and other revenue	4,361	3,916
Total revenue	51,633	55,685
Costs and operating expenses:		
Cost of sales	11,582	12,404
Labor	14,330	15,755
Occupancy	6,967	7,376
Store operating	7,402	8,786
Depreciation and amortization	2,618	2,772
General and administrative	8,350	9,169
Other operating, net	603	726
Total costs and operating expenses	51,852	56,988
Loss from operations	(219)	(1,303)
Other (expense) income, net:		
Interest income	16	—
Interest expense	(46)	(78)
Total other expense, net	(30)	(78)
Loss before income taxes	(249)	(1,381)
Income tax benefit	5	139
Net loss	(244)	(1,242)
Redeemable preferred stock dividends and deemed dividends	—	(484)
Net loss attributable to common stockholders	\$ (244)	\$ (1,726)
Weighted-average shares used in the computation of loss per share:		
Basic	17,165,087	16,141,884
Diluted	17,165,087	16,141,884
Loss per share:		
Basic	\$ (0.01)	\$ (0.11)
Diluted	\$ (0.01)	\$ (0.11)

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	Accumulated	Stockholders'
	Shares	Amount	Paid-In Capital	Deficit	Equity
Balance as of January 1, 2013	15,481,782	\$ 78	\$ 380,007	\$ (366,489)	\$ 13,596
Share-based compensation expense	—	—	479	—	479
Issuance of common stock pursuant to stock plans	80,008	—	366	—	366
Conversion of preferred stock	1,135,600	6	6,524	—	6,530
Accretion of Series B preferred shares	—	—	(390)	—	(390)
Redeemable preferred stock dividends	—	—	(94)	—	(94)
Net loss	—	—	—	(1,242)	(1,242)
Balance as of April 2, 2013	16,697,390	\$ 84	\$ 386,892	\$ (367,731)	\$ 19,245
Balance as of December 31, 2013	17,154,655	\$ 17	\$ 391,234	\$ (364,409)	\$ 26,842
Share-based compensation expense	—	—	735	—	735
Issuance of common stock pursuant to stock plans	38,508	—	303	—	303
Net loss	—	—	—	(244)	(244)
Balance as of April 1, 2014	17,193,163	\$ 17	\$ 392,272	\$ (364,653)	\$ 27,636

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)	13 Week Period Ended April 1, 2014	13 Week Period Ended April 2, 2013
Net loss	\$ (244	) \$ (1,242)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	2,618	2,772
Impairment of long-lived assets	30	107
Lease termination, store closure costs and gain on disposals	(342	) 212
Jambacard breakage income	524	620
Share-based compensation	735	479
Bad debt, purchase obligation and trade credits	76	221
Deferred rent	(2,296	) (817)
Changes in operating assets and liabilities:		
Receivables	2,196	3,327
Inventories	11	(511)
Prepaid and refundable taxes	124	99
Prepaid rent	(2,603	) 198
Prepaid expenses and other current assets	329	(794)
Other long-term assets	15	(246)
Restricted cash from operating activities	—	205
Accounts payable	(1,516	) (3,418)
Accrued compensation and benefits	(1,711	) (3,516)
Workers' compensation and health insurance reserves	(57	) 162
Accrued jambacard liability	(4,597	) (4,756)
Other current liabilities	1,609	7
Deferred rent and other long-term liabilities	360	979
Cash used in operating activities	\$ (4,739	) \$ (5,912)
Cash provided by (used in) investing activities:		
Capital expenditures	(2,656	) (2,898)
Proceeds from sale of stores	—	118
Cash used in investing activities	\$ (2,656	) \$ (2,780)
Cash provided by (used in) financing activities:		
Redeemable preferred stock dividends paid	—	(123)
Proceeds pursuant to stock plans	303	366
Cash provided by financing activities	\$ 303	\$ 243
Net decrease in cash and cash equivalents	(7,092	) (8,449)
Cash and cash equivalents at beginning of period	32,386	31,486
Cash and cash equivalents at end of period	\$ 25,294	\$ 23,037