

BUILD A BEAR WORKSHOP INC
Form 10-Q
November 10, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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 October 1, 2016

OR

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: 001-32320

BUILD-A-BEAR WORKSHOP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Act). Yes No

As of November 4, 2016, there were 15,850,618 issued and outstanding shares of the registrant's common stock.

1

BUILD-A-BEAR WORKSHOP, INC.

INDEX TO FORM 10-Q

	<u>Page</u>
Part I Financial Information	
Item 1. Financial Statements (Unaudited)	3
Condensed Consolidated Balance Sheets	4
Condensed Consolidated Income Statements and Statements of Comprehensive Income (Loss)	5
Condensed Consolidated Statements of Cash Flows	6
Notes to Condensed Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 3. Quantitative and Qualitative Disclosures About Market Risk	19
Item 4. Controls and Procedures	19
Part II Other Information	
Item 1A. Risk Factors	20
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	20
Item 6. Exhibits	21
Signatures	22

PART I-FINANCIAL INFORMATION**Item 1. Financial Statements****BUILD-A-BEAR
WORKSHOP,
INC. AND
SUBSIDIARIES
CONDENSED
CONSOLIDATED
BALANCE
SHEETS**(Dollars in
thousands, except
share and per share
data)

	October 1, 2016 (Unaudited)	January 2, 2016	October 3, 2015 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 11,780	\$45,196	\$ 37,146
Inventories	59,398	53,877	55,591
Receivables	8,787	13,346	8,053
Prepaid expenses and other current assets	13,752	16,312	16,651
Total current assets	93,717	128,731	117,441
Property and equipment, net of accumulated depreciation of \$179,584; \$183,686 and \$183,179, respectively	71,984	67,741	60,090
Deferred tax assets	10,737	10,864	2,734
Other intangible assets, net	1,653	1,738	1,211
Other assets, net	4,806	4,260	1,828
Total Assets	\$ 182,897	\$213,334	\$ 183,304
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 26,242	\$42,551	\$ 29,927
Accrued expenses	11,918	19,286	14,197
Gift cards and customer deposits	27,094	35,391	28,048
Deferred revenue	2,030	2,633	2,635
Total current liabilities	67,284	99,861	74,807
Deferred rent	15,278	12,156	12,327
Deferred franchise revenue	603	728	782

Edgar Filing: BUILD A BEAR WORKSHOP INC - Form 10-Q

Other liabilities	1,008	1,175	1,111
Stockholders' equity:			
Preferred stock, par value \$0.01, Shares authorized: 15,000,000; No shares issued or outstanding at October 1, 2016, January 2, 2016 and October 3, 2015	-	-	-
Common stock, par value \$0.01, Shares authorized: 50,000,000; Issued and outstanding: 15,850,629; 15,795,891 and 16,871,591 shares, respectively	159	158	169
Additional paid-in capital	67,197	66,009	69,880
Accumulated other comprehensive loss	(11,994)	(9,971)	(9,272)
Retained earnings	43,362	43,218	33,500
Total stockholders' equity	98,724	99,414	94,277
Total Liabilities and Stockholders' Equity	\$ 182,897	\$213,334	\$ 183,304

See accompanying notes to condensed consolidated financial statements.

**BUILD-A-BEAR
WORKSHOP, INC.
AND
SUBSIDIARIES
CONDENSED
CONSOLIDATED
STATEMENTS OF
INCOME AND
COMPREHENSIVE
INCOME (LOSS)
(Unaudited)**

(Dollars in thousands,
except share and per
share data)

	Thirteen weeks ended		Thirty-nine weeks ended	
	October 1, 2016	October 3, 2015	October 1, 2016	October 3, 2015
Revenues:				
Net retail sales	\$81,870	\$84,303	\$249,854	\$256,246
Commercial revenue	1,322	795	2,601	2,159
Franchise fees	556	525	1,407	1,624
Total revenues	83,748	85,623	253,862	260,029
Costs and expenses:				
Cost of merchandise sold - retail	46,461	46,117	137,778	140,288
Cost of merchandise sold - commercial	535	551	1,213	1,093
Selling, general and administrative	33,404	36,826	110,135	109,736
Store preopening	571	817	2,969	1,079
Interest expense (income), net	(19)	(56)	(58)	(148)
Total costs and expenses	80,952	84,255	252,037	252,048
Income before income taxes				