

Summer Infant, Inc.
Form 10-Q
August 02, 2016
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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 July 2, 2016

Summer Infant, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Commission File Number: **001-33346**

Delaware
(State or Other Jurisdiction
Of Incorporation or Organization)

20-1994619
(IRS Employer Identification No.)

1275 Park East Drive
Woonsocket, RI 02895
(Address of principal executive offices) (Zip Code)

(401) 671-6550
(Registrant's telephone number, including area code)

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 last 90 days. Yes No

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>

(Do not check if a 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

As of August 1, 2016, there were 18,447,294 shares outstanding of the registrant's Common Stock, \$0.0001 par value per share.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Condensed Consolidated Financial Statements (unaudited)****Summer Infant, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets**

Note that all amounts presented in the table below are in thousands of U.S. dollars, except share amounts and par value amounts.

	Unaudited July 2, 2016	January 2, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,147	\$ 923
Trade receivables, net of allowance for doubtful accounts	38,329	40,514
Inventory, net	36,633	36,846
Prepaid and other current assets	1,994	1,758
TOTAL CURRENT ASSETS	78,103	80,041
Property and equipment, net	11,311	12,007
Other intangible assets, net	18,159	18,512
Deferred tax assets, net	2,515	2,483
Other assets	103	95
TOTAL ASSETS	\$ 110,191	\$ 113,138
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 28,898	\$ 29,541
Accrued expenses	8,975	9,584
Current portion of long term debt (including capital leases)	4,519	3,318
TOTAL CURRENT LIABILITIES	42,392	42,443
Long-term debt, less current portion and unamortized debt issuance costs	45,788	48,767
Other liabilities	2,768	2,962
TOTAL LIABILITIES	90,948	94,172
STOCKHOLDERS' EQUITY		
Preferred Stock, \$0.0001 par value, 1,000,000 authorized, none issued or outstanding at July 2, 2016 and January 2, 2016, respectively		
Common Stock \$0.0001 par value, authorized, issued and outstanding of 49,000,000, 18,718,943, and 18,447,294 at July 2, 2016 and 49,000,000, 18,639,407, and 18,367,758 at January 2, 2016, respectively	2	2
Treasury Stock at cost (271,649 shares)	(1,283)	(1,283)

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Additional paid-in capital		76,084		75,812
Accumulated deficit		(53,140)		(53,063)
Accumulated other comprehensive loss		(2,420)		(2,502)
TOTAL STOCKHOLDERS EQUITY		19,243		18,966
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$	110,191	\$	113,138

See notes to condensed consolidated financial statements

Table of Contents**Summer Infant, Inc. and Subsidiaries****Condensed Consolidated Statements of Operations**

Note that all amounts presented in the table below are in thousands of U.S. dollars, except share and per share amounts.

	Unaudited For the three months ended		Unaudited For the six months ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Net sales	\$ 50,575	\$ 51,807	\$ 100,245	\$ 104,820
Cost of goods sold	34,374	38,036	68,318	74,074
Gross profit	16,201	13,771	31,927	30,746
General & administrative expenses	9,981	11,972	20,734	22,282
Selling expenses	3,901	4,308	7,817	9,176
Depreciation and amortization	1,160	1,318	2,316	2,652
Operating income (loss)	1,159	(3,827)	1,060	(3,364)
Interest expense, net	628	1,318	1,268	2,164
Income (loss) before provision (benefit) for income taxes	531	(5,145)	(208)	(5,528)
Provision (benefit) for income taxes	275	(1,672)	(131)	(1,813)
Net income (loss)	\$ 256	\$ (3,473)	\$ (77)	\$ (3,715)
Net income (loss) per share:				
BASIC	\$ 0.01	\$ (0.19)	\$ 0.00	\$ (0.20)
DILUTED	\$ 0.01	\$ (0.19)	\$ 0.00	\$ (0.20)
Weighted average shares outstanding:				
BASIC	18,421,132	18,230,893	18,403,852	18,204,545
DILUTED	18,421,955	18,230,893	18,403,852	18,204,545

See notes to condensed consolidated financial statements.

Table of Contents**Summer Infant, Inc. and Subsidiaries****Condensed Consolidated Statements of Comprehensive Income (Loss)**

Note that all amounts presented in the table below are in thousands of U.S. dollars.

	Unaudited For the three months ended		Unaudited For the six months ended	
	July 2, 2016	July 4, 2015	July 2, 2016	July 4, 2015
Net income (loss)	\$ 256	\$ (3,473)	\$ (77)	\$ (3,715)
Other comprehensive (loss) income:				
Changes in foreign currency translation adjustments	(130)	203	82	(392)
Comprehensive income (loss)	\$ 126	\$ (3,270)	\$ 5	\$ (4,107)

See notes to condensed consolidated financial statements.

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Summer Infant, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

Note that all amounts presented in the table below are in thousands of U.S. dollars.

	Unaudited For the six months ended	
	July 2, 2016	July 4, 2015
Cash flows from operating activities:		
Net (loss) income	\$ (77)	\$ (3,715)
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation and amortization	2,294	2,619
Stock-based compensation expense	218	419
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	2,080	(1,192)
Decrease in inventory	105	1,517
(Increase) in prepaids and other assets	(272)	(647)
(Decrease) increase in accounts payable and accrued expenses	(1,301)	7,029
Net cash provided by operating activities	3,047	6,030