

Zumiez Inc
Form 10-Q
September 01, 2010
Table of Contents

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 JULY 31, 2010

OR

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

Commission file number 000-51300

ZUMIEZ INC.

(Exact name of registrant as specified in its charter)

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Washington **91-1040022**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification No.)**
6300 Merrill Creek Parkway, Suite B, Everett, WA 98203
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (425) 551-1500

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 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 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 large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer 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

At September 1, 2010, there were 30,600,266 shares outstanding of common stock.

Table of Contents

ZUMIEZ INC.

FORM 10-Q

TABLE OF CONTENTS

Part I.	Financial Information	
Item 1.	Condensed Consolidated Financial Statements	
	<u>Condensed Consolidated Balance Sheets at July 31, 2010 (unaudited) and January 30, 2010</u>	3
	<u>Unaudited Condensed Consolidated Statements of Operations for the three and six months ended July 31, 2010 and August 1, 2009</u>	4
	<u>Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity for the six months ended July 31, 2010 and August 1, 2009</u>	5
	<u>Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended July 31, 2010 and August 1, 2009</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	36
Item 4.	<u>Controls and Procedures</u>	36
Part II.	<u>Other Information</u>	37
Item 1.	<u>Legal Proceedings</u>	37
Item 1A.	<u>Risk Factors</u>	37
Item 2.	<u>Unregistered Sales of Equity and Use of Proceeds</u>	37
Item 3.	<u>Defaults Upon Senior Securities</u>	37
Item 4.	<u>(Removed and Reserved)</u>	37
Item 5.	<u>Other Information</u>	37
Item 6.	<u>Exhibits</u>	38
	<u>Signature</u>	38
	Exhibit 31.1	
	Exhibit 31.2	
	Exhibit 32.1	

Table of Contents**ZUMIEZ INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands)

	July 31, 2010 (Unaudited)	January 30, 2010
Assets		
Current assets		
Cash and cash equivalents	\$ 6,842	\$ 1,568
Marketable securities	84,475	106,483
Receivables	8,375	5,600
Income taxes receivable	2,988	
Inventories	78,691	50,916
Prepaid expenses and other	7,653	6,102
Deferred tax assets	3,280	3,045
Total current assets	192,304	173,714
Fixed assets, net	78,092	66,008
Goodwill and other intangibles	13,161	13,186
Long-term deferred tax assets	6,658	5,537
Long-term investments	2,787	872
Long-term other assets	1,164	948
Total long-term assets	101,862	86,551
Total assets	\$ 294,166	\$ 260,265
Liabilities and Shareholders Equity		
Current liabilities		
Trade accounts payable	\$ 48,327	\$ 16,817
Accrued payroll and payroll taxes	5,572	6,593
Income taxes payable		4,006
Deferred rent and tenant allowances	3,614	3,248
Other liabilities	12,429	9,123
Total current liabilities	69,942	39,787
Long-term deferred rent and tenant allowances	28,046	26,375
Long-term other liabilities	1,759	1,427
Total long-term liabilities	29,805	27,802
Total liabilities	99,747	67,589
Commitments and contingencies (Note 3)		
Shareholders equity		
Preferred stock, no par value, 20,000 shares authorized; none issued and outstanding		
Common stock, no par value, 50,000 shares authorized; 30,600 shares issued and outstanding at July 31, 2010 and 30,251 shares issued and outstanding at January 30, 2010	86,345	81,399
Accumulated other comprehensive income	12	101

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Retained earnings	108,062	111,176
Total shareholders equity	194,419	192,676
Total liabilities and shareholders equity	\$ 294,166	\$ 260,265

See accompanying notes to condensed consolidated financial statements

Table of Contents**ZUMIEZ INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share amounts)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	July 31, 2010	August 1, 2009	July 31, 2010	August 1, 2009
Net sales	\$ 97,702	\$ 85,170	\$ 186,798	\$ 161,977
Cost of goods sold	66,986	60,526	130,330	115,434
Gross profit	30,716	24,644	56,468	46,543
Selling, general and administrative expenses	33,084	29,870	62,090	55,208
Operating loss	(2,368)	(5,226)	(5,622)	(8,665)
Interest income, net	352	307	717	664
Other income, net	47		71	
Loss before income taxes	(1,969)	(4,919)	(4,834)	(8,001)
Benefit for income taxes	(755)	(1,834)	(1,720)	(3,257)
Net loss	\$ (1,214)	\$ (3,085)	\$ (3,114)	\$ (4,744)
Basic loss per share	\$ (0.04)	\$ (0.10)	\$ (0.10)	\$ (0.16)
Diluted loss per share	\$ (0.04)	\$ (0.10)	\$ (0.10)	\$ (0.16)
Weighted average shares used in computation of loss per share:				
Basic	29,954	29,496	29,846	29,253
Diluted	29,954	29,496	29,846	29,253

See accompanying notes to condensed consolidated financial statements

Table of Contents

ZUMIEZ INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Stock		Accumulated Other Comprehensive Income	Retained Earnings	Total
	Shares	Amount			
Balance at January 30, 2010	30,251	\$ 81,399	\$ 101	\$ 111,176	\$ 192,676
Issuance and exercise of stock-based compensation, including tax benefit of \$1,602	349	2,446			2,446
Stock-based compensation expense		2,500			2,500
Unrealized losses, net of tax benefit of \$57			(89)		(89)
Net loss				(3,114)	(3,114)
Balance at July 31, 2010	30,600	\$ 86,345	\$ 12	\$ 108,062	\$ 194,419
	Common Stock		Accumulated Other Comprehensive Income	Retained Earnings	Total
	Shares	Amount			
Balance at January 31, 2009	29,533	\$ 75,789	\$ 117	\$ 102,045	\$ 177,951
Issuance and exercise of stock-based compensation, including tax benefit of \$298	622	686			686
Stock-based compensation expense		1,784			1,784
Unrealized losses, net of tax benefit of \$17			(27)		(27)
Net loss				(4,744)	(4,744)
Balance at August 1, 2009	30,155	\$ 78,259	\$ 90	\$ 97,301	\$ 175,650

See accompanying notes to condensed consolidated financial statements

Table of Contents**ZUMIEZ INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(Unaudited)**

	Six Months Ended	
	July 31, 2010	August 1, 2009
Cash flows from operating activities:		
Net loss	\$ (3,114)	\$ (4,744)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and accretion	9,117	10,755
Deferred taxes	(1,299)	(2,633)
Stock-based compensation expense	2,500	1,784
Loss on disposal of assets	262	116
Excess tax benefit from stock-based compensation	(1,602)	(298)
Impairment of long-lived assets		294
Other	(9)	