

Perfumania Holdings, Inc.
Form 10-Q
June 14, 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 April 30, 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: 0-19714

PERFUMANIA HOLDINGS, INC.
(Exact name of Registrant as specified in its charter)

Florida 65-0977964
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

35 Sawgrass Drive, Suite 2 11713
Bellport, NY

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (631) 866-4100

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 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 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

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The number of shares outstanding of the registrant's common stock, as of the latest practicable date: At June 13, 2016, there were 15,493,763 outstanding shares of its common stock, \$0.01 par value.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PERFUMANIA HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	April 30, 2016 (unaudited)	January 30, 2016 (Note 1)
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 2,887	\$ 5,640
Accounts receivable, net of allowances of \$3,226 and \$1,233 as of April 30, 2016 and January 30, 2016, respectively	32,496	29,602
Inventories	213,849	221,336
Prepaid expenses and other current assets	9,731	9,862
Total current assets	258,963	266,440
Property and equipment, net	25,046	25,892
Goodwill	38,769	38,769
Intangible and other assets, net	18,729	19,945
Total assets	\$ 341,507	\$ 351,046
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 34,094	\$ 32,175
Accounts payable-affiliates	180	300
Accrued expenses and other liabilities	28,298	33,205
Current portion of obligations under capital leases	1,288	1,248
Total current liabilities	63,860	66,928
Revolving credit facility	12,089	13,078
Notes payable-affiliates	125,366	125,366
Long-term portion of obligations under capital leases	898	1,223
Other long-term liabilities	61,694	60,474
Total liabilities	263,907	267,069
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$0.10 par value, 1,000,000 shares authorized; as of April 30, 2016 and January 30, 2016, none issued	—	—
Common stock, \$.01 par value, 35,000,000 shares authorized; 16,392,012 shares issued as of April 30, 2016 and January 30, 2016	164	164
Additional paid-in capital	221,993	221,961
Accumulated deficit	(135,980)	(129,571)
Treasury stock, at cost, 898,249 shares as of April 30, 2016 and January 30, 2016	(8,577)	(8,577)
Total shareholders' equity	77,600	83,977
Total liabilities and shareholders' equity	\$ 341,507	\$ 351,046

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except share and per share amounts)

	Thirteen Weeks Ended April 30, 2016	Thirteen Weeks Ended May 2, 2015
Net sales	\$ 105,139	\$ 128,210
Cost of goods sold	53,370	65,732
Gross profit	51,769	62,478
Operating expenses:		
Selling, general and administrative expenses	53,928	58,192
Share-based compensation expense	32	100
Depreciation and amortization	2,511	2,619
Total operating expenses	56,471	60,911
(Loss) income from operations	(4,702) 1,567
Interest expense	(1,707) (1,732
Loss before income tax provision	(6,409) (165
Income tax provision	—	—
Net loss	\$ (6,409) \$ (165
Net loss per common share:		
Basic and diluted	\$ (0.41) \$ (0.01
Weighted average number of common shares outstanding:		
Basic and diluted	15,493,763	15,476,661