

JAMBA, INC.
Form 10-Q
November 12, 2009
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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 October 6, 2009

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)

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Delaware
(State or other jurisdiction
of incorporation)

001-32552
(Commission File No.)

20-2122262
(I.R.S. Employer

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

Smaller reporting company

(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

The number of shares of common stock of Jamba, Inc. issued and outstanding as of November 10, 2009 was 52,690,728.

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JAMBA, INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTERLY PERIOD ENDED OCTOBER 6, 2009

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JAMBA, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(In thousands, except share and per share amounts)	October 6, 2009	December 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 29,421	\$ 20,822
Restricted cash	1,530	5,059
Receivables, net of allowances of \$117 and \$416	1,697	4,594
Inventories	3,883	3,435
Prepaid rent	3,165	185
Prepaid and refundable income taxes	636	5,670
Prepaid expenses and other current assets	2,286	1,328
Total current assets	42,618	41,093
Property, fixtures and equipment, net	74,147	95,154
Trademarks and other intangible assets, net	2,099	2,998
Restricted cash	1,190	2,659
Deferred income taxes	353	354
Other long-term assets	2,981	3,462
Total assets	\$ 123,388	\$ 145,720
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 5,486	\$ 8,089
Accrued compensation and benefits	7,702	7,667
Workers compensation and health insurance reserves	1,181	1,922
Accrued jambacard liability	23,846	30,764
Current portion of capital lease obligations	258	246
Other accrued expenses	10,523	12,074
Derivative liabilities		2,098
Total current liabilities	48,996	62,860
Note payable		22,829
Long-term capital lease obligations	49	281
Long-term workers compensation and health insurance reserves	1,267	2,659
Deferred rent and other long-term liabilities	15,295	16,670
Total liabilities	65,607	105,299
Commitments and contingencies (Note 8)		
Series B redeemable preferred stock, \$.001 par value, 304,348 shares authorized, issued and outstanding at October 6, 2009. No shares authorized or outstanding at December 30, 2008	30,952	

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Stockholders' equity:

Common stock, \$.001 par value, 150,000,000 shares authorized, 52,690,728 shares issued and outstanding at October 6, 2009 and December 30, 2008, respectively	53	55
Additional paid-in capital	358,108	358,258
Accumulated deficit	(331,332)	(317,892)
Total stockholders' equity	26,829	40,421
Total liabilities and stockholders' equity	\$ 123,388	\$ 145,720

See accompanying notes to condensed consolidated financial statements.

Table of Contents**JAMBA, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

(In thousands, except share and per share amounts)	12 Week Period Ended		40 Week Period Ended	
	October 6, 2009	October 7, 2008	October 6, 2009	October 7, 2008
Revenue:				
Company stores	\$ 77,493	\$ 84,427	\$ 246,174	\$ 279,371
Franchise and other revenue	1,498	1,652	4,781	5,360
Total revenue	78,991	86,079	250,955	284,731
Costs and operating expenses:				
Cost of sales	19,282	22,746	59,798	74,459
Labor	23,612	28,124	80,925	97,542
Occupancy	10,178	10,679	34,072	34,614
Store operating	10,032	10,721	29,681	35,305
Depreciation and amortization	3,943	5,835	14,397	19,331
General and administrative	8,839	12,082	28,747	37,228
Impairment of long-lived assets	532	5,901	11,107	13,198
Trademark impairment				82,600
Other operating	3	1,427	312	6,312
Total costs and operating expenses	76,421	97,515	259,039	400,589
Income (loss) from operations	2,570	(11,436)	(8,084)	(115,858)
Other income (expense):				
Gain (loss) from derivative liabilities		(520)	1,597	7,610
Interest income	21	69	384	315
Interest expense	(320)	(485)	(6,920)	(703)
Total other (expense) income	(299)	(936)	(4,939)	7,222
Income (loss) before income taxes	2,271	(12,372)	(13,023)	(108,636)
Income tax benefit	495	9	462	647
Net income (loss)	2,766	(12,363)	(12,561)	(107,989)
Preferred stock dividends	(653)		(879)	
Net income available (loss attributable) to common stockholders	\$ 2,113	\$ (12,363)	\$ (13,440)	\$ (107,989)
Weighted-average shares used in the computation of earnings (loss) per share:				
Basic	52,690,728	53,251,591	53,912,157	52,821,493
Diluted	83,775,099	53,251,591	53,912,157	52,821,493
Earnings (loss) per share:				
Basic	\$ 0.04	\$ (0.23)	\$ (0.25)	\$ (2.04)
Diluted	\$ 0.04	\$ (0.23)	\$ (0.25)	\$ (2.04)

See accompanying notes to condensed consolidated financial statements.

Table of Contents**JAMBA, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In thousands)	40 Week Period Ended	
	October 6, 2009	October 7, 2008
Cash provided by operating activities:		
Net loss	\$ (13,440)	\$ (107,989)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	14,397	19,331
Trademark impairment		82,600
Impairment of long-lived assets	11,107	13,198
Store lease termination, closure costs and disposals	874	3,760
Share-based compensation	1,231	3,896
Jambacard breakage income and amortization, net	(1,949)	(919)