

TILE SHOP HOLDINGS, INC.

Form 10-Q

August 05, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 June 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: 001-35629

TILE SHOP HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware 45-5538095
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

14000 Carlson Parkway
Plymouth, Minnesota 55441
(Address of principal executive offices) (Zip Code)

(763) 852-2988

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

Large accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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

As of July 29, 2016, there were 51,517,238 shares of the registrant's common stock, par value \$0.0001 per share, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Tile Shop Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets

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

(unaudited)

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,407	\$ 10,330
Restricted cash	210	219
Trade receivables, net	2,853	1,966
Inventories	63,132	69,878
Prepaid inventory	337	568
Income tax receivable	1,214	735
Other current assets, net	2,637	3,557
Total Current Assets	83,790	87,253
Property, plant and equipment, net	135,781	135,115
Deferred tax assets	20,417	20,846
Other assets	1,677	1,793
Total Assets	\$ 241,665	\$ 245,007
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 15,795	\$ 14,584
Current portion of long-term debt	4,893	4,744
Income tax payable	1,556	1,101
Other accrued liabilities	22,241	19,327
Total Current Liabilities	44,485	39,756
Long-term debt, net	24,904	51,178
Capital lease obligation, net	751	797

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Deferred rent	36,408	34,983
Other long-term liabilities	3,527	3,092
Total Liabilities	110,075	129,806
Stockholders' Equity:		
Common stock, par value \$0.0001; authorized: 100,000,000 shares; issued and outstanding: 51,509,738 and 51,437,973 shares, respectively	5	5
Preferred stock, par value \$0.0001; authorized: 10,000,000 shares; issued and outstanding: 0 shares	-	-
Additional paid-in-capital	182,981	180,192
Accumulated deficit	(51,378)	(64,985)
Accumulated other comprehensive (loss) income	(18)	(11)
Total Stockholders' Equity	131,590	115,201
Total Liabilities and Stockholders' Equity	\$ 241,665	\$ 245,007

See accompanying Notes to Consolidated Financial Statements.

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Tile Shop Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations

(dollars in thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net sales	\$ 84,270	\$ 75,706	\$ 168,984	\$ 148,669
Cost of sales	25,571	24,413	50,580	46,405
Gross profit	58,699	51,293	118,404	102,264
Selling, general and administrative expenses	46,990	42,855	94,939	86,631
Income from operations	11,709	8,438	23,465	15,633
Interest expense	(449)	(795)	(1,019)	(1,598)
Other income	37	34	68	63
Income before income taxes	11,297	7,677	22,514	14,098
Provision for income taxes	(4,448)	(3,187)	(8,907)	(5,949)
Net income	\$ 6,849	\$ 4,490	\$ 13,607	\$ 8,149
Income per common share:				
Basic	\$ 0.13	\$ 0.09	\$ 0.26	\$ 0.16
Diluted	\$ 0.13	\$ 0.09	\$ 0.26	\$ 0.16
Weighted average shares outstanding:				
Basic	51,378,485	51,125,985	51,368,826	51,125,605
Diluted	51,937,924	51,388,602	51,821,615	51,212,955

See accompanying Notes to Consolidated Financial Statements.

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Tile Shop Holdings, Inc. and Subsidiaries

Consolidated Statements of Comprehensive (Loss) Income

(dollars in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$ 6,849	\$ 4,490	\$ 13,607	\$ 8,149
Currency translation adjustment	(9)	1	(7)	