

JAMBA, INC.
Form 10-Q
May 28, 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 April 21, 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 May 22, 2009 was 54,690,728.

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JAMBA, INC.

QUARTERLY REPORT ON FORM 10-Q

QUARTERLY PERIOD ENDED APRIL 21, 2009

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

(In thousands, except share and per share amounts)	April 21, 2009	December 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,437	\$ 20,822
Restricted cash	5,804	5,059
Receivables, net of allowances of \$302 and \$416	2,724	4,594
Inventories	3,392	3,435
Prepaid and refundable income taxes	183	5,670
Prepaid rent	1,396	185
Prepaid expenses and other current assets	1,463	1,328
Total current assets	33,399	41,093
Property, fixtures and equipment, net	86,933	95,154
Trademarks and other intangible assets, net	2,595	2,998
Restricted cash	1,914	2,659
Deferred income taxes	354	354
Other long-term assets	4,784	3,462
Total assets	\$ 129,979	\$ 145,720
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 8,167	\$ 8,089
Accrued compensation and benefits	8,450	7,667
Workers' compensation and health insurance reserves	2,113	1,922
Accrued jambacard liability	26,230	30,764
Current portion of capital lease obligations	231	246
Other accrued expenses	10,954	12,074
Derivative liabilities	1,933	2,098
Total current liabilities	58,078	62,860
Note payable	23,224	22,829
Long-term capital lease obligations	195	281
Long-term workers' compensation and health insurance reserves	1,914	2,659
Deferred rent and other long-term liabilities	15,838	16,670
Total liabilities	99,249	105,299
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, \$.001 par value, 150,000,000 shares authorized, 54,690,728 shares issued and outstanding	55	55

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Additional paid-in capital	358,771	358,258
Accumulated deficit	(328,096)	(317,892)
Total stockholders' equity	30,730	40,421
Total liabilities and stockholders' equity	\$ 129,979	\$ 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)	16 Week Period Ended	
	April 21, 2009	April 22, 2008
Revenue:		
Company stores	\$ 87,019	\$ 98,632
Franchise and other revenue	1,851	2,921
Total revenue	88,870	101,553
Costs and operating expenses:		
Cost of sales	21,207	26,379
Labor	31,918	37,998
Occupancy	13,748	13,379
Store operating	9,839	13,823
Depreciation and amortization	6,110	7,812
General and administrative	11,723	15,299
Impairment of long-lived assets	3,026	4,036
Other operating	236	2,382
Total costs and operating expenses	97,807	121,108
Loss from operations	(8,937)	(19,555)
Other income (expense):		
Gain from derivative liabilities	165	5,642
Interest income	334	186
Interest expense	(1,749)	(112)
Total other (expense) income	(1,250)	5,716
Loss before income taxes	(10,187)	(13,839)
Income tax (expense) benefit	(17)	7,408
Net loss	\$ (10,204)	\$ (6,431)
Weighted-average shares used in the computation of loss per share:		
Basic	54,690,728	52,637,131
Diluted	54,690,728	52,637,131
Loss per share:		
Basic	\$ (0.19)	\$ (0.12)
Diluted	\$ (0.19)	\$ (0.12)

See accompanying notes to condensed consolidated financial statements.

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

(In thousands)	16 Week Period Ended	
	April 21,	April 22,
	2009	2008
Cash (used in) provided by operating activities:		
Net loss	\$ (10,204)	\$ (6,431)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation and amortization	6,110	7,812
Impairment of long-lived assets	3,026	4,036
Store lease termination, closure costs and disposals	477	593
Share-based compensation	513	1,132
Jambacard breakage income and amortization, net	595	(324)
Bad debt and inventory reserves	(206)	48
Deferred rent	51	1,077
Deferred income taxes		(7,437)
Equity loss from joint ventures		107
Gain from derivative liabilities	(165)	(5,642)
Accretion of note payable	395	
Changes in operating assets and liabilities:		
Receivables	1,838	2,174
Inventories	219	(728)
Prepaid rent	(1,211)	2,324
Prepaid and refundable taxes	5,487	141
Prepaid expenses and other current assets	(135)	(1,261)
Other long-term assets	(222)	(11)
Accounts payable	(627)	3,367
Accrued compensation and benefits	783	4,201
Workers compensation and health insurance reserves	(554)	292
Accrued jambacard liability	(5,129)	(4,128)
Other accrued expenses	(1,120)	272
Other long-term liabilities	(708)	
Cash (used in) provided by operating activities	(787)	1,614
Cash used in investing activities:		
Capital expenditures	(1,797)	(13,982)
Proceeds from sale of stores	300	
Decrease in restricted cash		518
Cash used in investing activities	(1,497)	(13,464)
Cash used in financing activities:		
Borrowings on debt facility		398
Payment of debt issuance costs		(448)
Payment on capital leases	(101)	
Cash used in financing activities	(101)	(50)
Net decrease in cash and cash equivalents	(2,385)	(11,900)

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Cash and cash equivalents at beginning of period	20,822	23,016
Cash and cash equivalents at end of period	\$ 18,437	\$ 11,116
Supplemental cash flow information:		
Cash paid for interest	\$ 1,829	\$ 97
Income taxes paid	5	47
See accompanying notes to condensed consolidated financial statements.		

Table of Contents**JAMBA, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)****1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

Jamba, Inc., a Delaware corporation, and its wholly-owned subsidiary, Jamba Juice Company (the *Company*), is a retailer of premium quality blended-to-order fruit smoothies, squeezed-to-order juices, blended beverages and healthy snacks. As of April 21, 2009, there were 732 locations consisting of 499 company-owned and operated stores (*Company Stores*) and 233 franchise stores (*Franchise Stores*).

Unaudited Interim Financial Information The condensed consolidated balance sheet as of April 21, 2009 and the condensed consolidated statements of operations and cash flows for each of the 16 week periods ended April 21, 2009 and April 22, 2008 have been prepared by the Company, without audit, and have been prepared on the same basis as the Company's audited consolidated financial statements. In the opinion of management, such statements include all adjustments (which include only normal recurring adjustments except as discussed in Note 8) considered necessary to present fairly the financial position as of April 21, 2009 and the results of operations and cash flows for the 16 week periods ended April 21, 2009 and April 22, 2008. The condensed consolidated balance sheet as of December 30, 2008 has been derived from the Company's audited consolidated financial statements. Operating results for the 16 week period ended April 21, 2009 are not necessarily indicative of the results that may be expected for the year ending December 29, 2009. The Company reports its results of operations on a 52-week or 53-week fiscal year, which is comprised of thirteen 4-week periods or twelve 4-week periods and one 5-week period. The first fiscal quarter is sixteen weeks, the second and third fiscal quarters each are twelve weeks, and the fourth quarter is twelve or thirteen weeks.

Certain information and disclosures normally included in the notes to annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America (*GAAP*) have been omitted from these interim financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the *SEC*). Accordingly, these interim financial statements should be read in conjunction with the Company's annual consolidated financial statements and notes thereto in the Company's Annual Report on Form 10-K for the year ended December 30, 2008.

Reclassifications Certain amounts have been reclassified on the condensed consolidated statement of operations to conform to the fiscal 2009 presentation.

Comprehensive Income Comprehensive income is defined as the change in equity during a period from transactions and other events, excluding changes resulting from investments from owners and distributions to owners. Comprehensive income (loss) equals net income (loss) for all periods presented.

Earnings (Loss) Per Share Loss per share is computed in accordance with SFAS No. 128, *Earnings per Share*. Basic earnings (loss) per share is computed based on the weighted-average of common shares outstanding during the period. Diluted earnings (loss) per share is computed based on the weighted-average number of common shares and potentially dilutive securities, which includes outstanding warrants and outstanding options and restricted stock awards granted under the Company's stock option plans. Anti-dilutive shares of 23.1 million and 21.8 million have been excluded from the calculation of diluted weighted-average shares outstanding in the 16 week periods ended April 21, 2009 and April 22, 2008, respectively.

The number of incremental shares from the assumed exercise of warrants and options was calculated by applying the treasury stock method. The following table summarizes the differences between the basic and diluted weighted-average shares outstanding used to compute diluted earnings (loss) per share:

	16 Week Period Ended	
	April 21,	April 22,
	2009	2008
Basic weighted-average shares outstanding	54,690,728	52,637,131
Incremental shares from assumed exercise of warrants and options		