

Teavana Holdings Inc  
Form 10-Q  
December 10, 2012  
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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 28, 2012

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: 001-35248

**TEAVANA HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-1946316**  
(I.R.S. Employer  
identification number)

**3630 Peachtree Rd. NE, Suite 1480**

**Atlanta, GA 30326**

(Address of principal executive offices)

**(404) 995-8200**

(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

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

The number of shares of the registrant's common stock, \$0.00003 par value, outstanding as of December 5, 2012 was 38,784,893 shares.

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(dollars in thousands, except per share data)

	October 28, 2012 (unaudited)	January 29, 2012
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 908	\$ 17,818
Prepaid expenses	6,099	3,995
Income tax receivable	2,211	
Inventory	34,627	25,676
Other current assets	3,592	2,175
Total current assets	47,437	49,664
Property and equipment, net	63,510	42,785
Intangible assets, net	1,183	
Goodwill	20,698	2,394
Other non-current assets	672	775
Total assets	\$ 133,500	\$ 95,618
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 8,261	\$ 3,898
Income taxes payable		1,821
Other current liabilities	12,223	6,847
Total current liabilities	20,484	12,566
Long-term liabilities		
Deferred rent	16,835	12,905
Deferred tax liability, non-current	2,420	2,570
Long-term debt	19,627	
Other long-term liabilities	722	575
Total long-term liabilities	39,604	16,050
Total liabilities	60,088	28,616
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, \$0.00003 par value; 100,000,000 shares authorized as of October 28, 2012 and January 29, 2012; 38,685,783 shares and 38,281,836 shares issued and outstanding as of	1	1

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October 28, 2012 and January 29, 2012, respectively		
Additional paid-in capital	280,611	276,782
Accumulated deficit	(207,852)	(209,792)
Accumulated other comprehensive income	652	11
<b>Total stockholders' equity</b>	<b>73,412</b>	<b>67,002</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 133,500</b>	<b>\$ 95,618</b>

The accompanying notes are an integral part of these condensed consolidated financial statements

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(unaudited)

(dollars in thousands, except per share data)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2012	October 30, 2011	October 28, 2012	October 30, 2011
Net sales	\$ 46,037	\$ 33,426	\$ 133,436	\$ 99,679
Cost of goods sold (exclusive of depreciation shown separately below)	20,320	12,749	54,089	37,386
Gross profit	25,717	20,677	79,347	62,293
Selling, general and administrative expense	25,349	17,511	69,158	47,636
Depreciation and amortization expense	2,585	1,554	6,530	4,257
Income / (loss) from operations	(2,217)	1,612	3,659	10,400
Interest expense, net	238	122	441	1,553
Income / (loss) before income taxes	(2,455)	1,490	3,218	8,847
Provision for / (benefit from) income taxes	(1,040)	554	1,278	3,556
Net income / (loss)	\$ (1,415)	\$ 936	\$ 1,940	\$ 5,291
Other comprehensive income				
Net gain on foreign currency translation	168		641	
Comprehensive income / (loss)	\$ (1,247)	\$ 936	\$ 2,581	\$ 5,291
Net income / (loss) per share:				
Basic	\$ (0.04)	\$ 0.02	\$ 0.05	\$ 0.14
Diluted	\$ (0.04)	\$ 0.02	\$ 0.05	\$ 0.14
Weighted average shares outstanding:				
Basic	38,632,149	38,138,070	38,496,953	37,216,444
Diluted	38,632,149	38,965,104	39,152,380	38,029,119

The accompanying notes are an integral part of these condensed consolidated financial statements

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**TEAVANA HOLDINGS, INC.**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN

STOCKHOLDERS EQUITY

(unaudited, unless specified audited)

(dollars in thousands, except per share data)

	Common Stock		Additional	Accumulated	Other	Total
	Shares	Amount	Paid-In	Deficit	Comprehensive	Stockholders
			Capital		Income	Equity
<b>Balance January 29, 2012</b> (audited)	38,281,836	\$ 1	\$ 276,782	\$ (209,792)	\$ 11	\$ 67,002
Net income				1,940		1,940
Foreign currency translation adjustment					641	641
Stock-based compensation expense			863			863
Stock issued for stock option exercises	403,947		524			524
Excess tax benefit from stock option exercises			2,442			2,442
<b>Balance October 28, 2012</b>	38,685,783	\$ 1	\$ 280,611	\$ (207,852)	\$ 652	\$ 73,412

The accompanying notes are an integral part of these condensed consolidated financial statements

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**TEAVANA HOLDINGS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

(dollars in thousands, except per share data)

	<b>Thirty-Nine Weeks Ended</b>	
	<b>October 28, 2012</b>	<b>October 30, 2011</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,940	\$ 5,291
Adjustments to reconcile net income to net cash provided by / (used in) operating activities:		
Depreciation and amortization expense	6,530	4,257
Non-cash interest expense	69	1,304