

PFSWEB INC  
Form 10-Q  
November 09, 2015

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 September 30, 2015

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 000-28275

PFSweb, Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)

75-2837058  
(I.R.S. Employer I.D. No.)

505 Millennium Drive, Allen, Texas 75013  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (972) 881-2900

Edgar Filing: PFSWEB INC - Form 10-Q

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 checkmark whether the registrant has submitted electronically and posted on its corporate website, 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 or a non-accelerated filer.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller Reporting Company

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

At November 5, 2015 there were 18,073,504 shares of registrant's common stock outstanding.

PFSWEB, INC. AND SUBSIDIARIES

Form 10-Q

September 30, 2015

INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	Number
Item 1. <u>Financial Statements:</u>	
<u>Condensed Consolidated Balance Sheets as of September 30, 2015 (Unaudited) and December 31, 2014</u>	3
<u>Unaudited Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2015 and 2014</u>	4
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2015 and 2014</u>	5
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3. <u>Quantitative and Qualitative Disclosure about Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	30
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	31
Item 1A. <u>Risk Factors</u>	31
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32

Item 3. <u>Defaults Upon Senior Securities</u>	32
Item 4. <u>Mine Safety Disclosure</u>	32
Item 5. <u>Other Information</u>	32
Item 6. <u>Exhibits</u>	33
<u>SIGNATURES</u>	35

## PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements

## PFSweb, Inc. and Subsidiaries

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Data)

	(Unaudited) September 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 13,000	\$ 18,128
Restricted cash	52	521
Accounts receivable, net of allowance for doubtful accounts of \$469 and \$447 at September 30, 2015 and December 31, 2014, respectively	55,552	59,126
Inventories, net of reserves of \$682 and \$768 at September 30, 2015 and December 31, 2014, respectively	8,673	10,534
Other receivables	3,973	5,638
Prepaid expenses and other current assets	3,853	7,103
<b>Total current assets</b>	<b>85,103</b>	<b>101,050</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>24,852</b>	<b>26,604</b>
<b>IDENTIFIABLE INTANGIBLES, net</b>	<b>12,916</b>	<b>2,170</b>
<b>GOODWILL</b>	<b>40,778</b>	<b>8,366</b>
<b>OTHER ASSETS</b>	<b>2,321</b>	<b>2,556</b>
<b>Total assets</b>	<b>\$ 165,970</b>	<b>\$ 140,746</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt and capital lease obligations	\$ 3,512	\$ 6,850
Trade accounts payable	29,356	38,842
Deferred revenue	5,600	9,098
Accrued expenses	35,412	28,473
<b>Total current liabilities</b>	<b>73,880</b>	<b>83,263</b>
<b>LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion</b>	<b>34,870</b>	<b>4,062</b>
<b>DEFERRED REVENUE</b>	<b>4,197</b>	<b>5,355</b>
<b>DEFERRED RENT</b>	<b>4,430</b>	<b>4,870</b>
<b>OTHER LIABILITIES</b>	<b>5,074</b>	<b>3,091</b>
<b>Total liabilities</b>		