

Wayside Technology Group, Inc.
Form 10-Q
August 09, 2018
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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 June 30, 2018

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 No. 000-26408

Wayside Technology Group, Inc.

(Exact name of registrant as specified in its charter)

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Delaware 13-3136104
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

4 Industrial Way West, Suite 300, Eatontown, New Jersey 07724

(Address of principal executive offices)

(732) 389-8950

Registrant's Telephone Number

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 and 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Check One:

Large Accelerated Filer	Accelerated Filer
	Smaller Reporting Company
Non-Accelerated Filer	Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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There were 4,498,223 outstanding shares of common stock, par value \$.01 per share, (“Common Stock”) as of August 9, 2018, not including 786,277 shares classified as treasury stock.

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PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Wayside Technology Group, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(Amounts in thousands, except share and per share amounts)

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10,409	\$ 5,530
Accounts receivable, net of allowances of \$2,005 and \$2,102, respectively	71,780	76,937
Inventory, net	2,335	2,794
Vendor prepayments	4,843	6,837
Prepaid expenses and other current assets	572	553
Total current assets	89,939	92,651
Equipment and leasehold improvements, net	1,760	1,828
Accounts receivable-long-term, net	5,269	7,437
Other assets	301	231
Deferred income taxes	131	138
	\$ 97,400	\$ 102,285
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 57,765	\$ 62,792
Total current liabilities	57,765	62,792
Deferred rent and tenant allowances	746	781
Total liabilities	58,511	63,573
Stockholders' equity:		
Common Stock, \$.01 par value; 10,000,000 shares authorized; 5,284,500 shares issued; 4,479,787 and 4,454,829 shares outstanding, respectively	53	53
Additional paid-in capital	32,354	31,257

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Treasury stock, at cost, 804,713 and 829,671 shares, respectively	(13,745)	(14,207)
Retained earnings	21,467	22,522
Accumulated other comprehensive loss	(1,240)	(913)
Total stockholders' equity	38,889	38,712
	\$ 97,400	\$ 102,285

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

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Wayside Technology Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Earnings

(Unaudited)

(Amounts in thousands, except per share data)

	Six months ended June 30,		Three months ended June 30,	
	2018	2017	2018	2017
Net sales	\$ 84,466	\$ 77,112	\$ 43,914	\$ 39,021
Cost of sales	71,073	63,781	37,416	32,449
Gross profit	13,393	13,331	6,498	6,572
Selling, general, and administrative expenses	10,346	9,810	5,298	4,842
Separation expenses	2,446	—	2,446	—
Income (loss) from operations	601	3,521	(1,246)	1,730
Other income (expense):				
Interest, net	449	321	210	173
Foreign currency transaction loss	(2)	(50)	(3)	(50)
Income (loss) before provision for income taxes	1,048	3,792	(1,039)	1,853
Provision for income taxes	568	1,200	78	578
Net income (loss)	\$ 480	\$ 2,592	\$ (1,117)	\$ 1,275
Income (loss) per common share-Basic	\$ 0.10	\$ 0.57	\$ (0.25)	\$ 0.28
Income (loss) per common share-Diluted	\$ 0.10	\$ 0.57	\$ (0.25)	\$ 0.28
Weighted average common shares outstanding — Basic	4,323	4,314	4,344	4,285
Weighted average common shares outstanding — Diluted	4,323	4,314	4,344	4,285
Dividends paid per common share	\$ 0.34	\$ 0.34	\$ 0.17	\$ 0.17

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

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Wayside Technology Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (loss)

(Unaudited)

(Amounts in thousands)

	Six months ended		Three months ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net income (loss)	\$ 480	\$ 2,592	\$ (1,117)	\$ 1,275
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(327)	386	(147)	254
Other comprehensive (loss) income	(327)	386	(147)	254
Comprehensive income (loss)	\$ 153	\$ 2,978	\$ (1,264)	\$ 1,529

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

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Wayside Technology Group, Inc. and Subsidiaries

Condensed Consolidated Statement of Stockholders' Equity

(Unaudited)

(Amounts in thousands, except share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Shares	Treasury Amount	Retained Earnings	Accumulated Other Comprehensive (loss)	Total
Balance at January 1, 2018	5,284,500	\$ 53	\$ 31,257	829,671	\$ (14,207)	\$ 22,522	\$ (913)	\$ 38,712
Net income	—	—	—	—	—	480	—	480
Translation adjustment	—	—	—	—	—	—	(327)	(327)
Dividends paid	—	—	—	—	—	(1,535)	—	(1,535)
Share-based compensation expense	—	—	2,387	—	—	—	—	2,387
Restricted stock grants (net of forfeitures) and adjustments	—	—	(1,290)	(95,500)	1,455	—	—	165
Treasury shares repurchased	—	—	—	—	—	—	—	—