

Wayside Technology Group, Inc.
Form 10-Q
November 06, 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 No. 000-26408

Wayside Technology Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3136104
(I.R.S. Employer Identification No.)

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1157 Shrewsbury Avenue, Shrewsbury, New Jersey 07702

(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, 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.

Check One:

Large Accelerated Filer

Accelerated Filer

Non-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

There were 4,723,528 outstanding shares of common stock, par value \$.01 per share, (Common Stock) as of November 2, 2015, not including 560,972 shares classified as treasury stock.

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)

	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 19,607	\$ 23,124
Accounts receivable, net of allowances of \$1,413 and \$1,819, respectively	56,916	60,782
Inventory, net	2,012	1,491
Prepaid expenses and other current assets	1,094	933
Deferred income taxes	179	245
Total current assets	79,808	86,575
Equipment and leasehold improvements, net	390	412
Accounts receivable-long-term	6,139	7,660
Other assets	94	152
Deferred income taxes	182	182
	\$ 86,613	\$ 94,981
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 48,537	\$ 55,414
Total current liabilities	48,537	55,414
Commitments and contingencies		
Stockholders' equity		
Common Stock, \$.01 par value; 10,000,000 shares authorized, 5,284,500 shares issued; 4,740,380 and 4,890,756 shares outstanding, respectively	53	53
Additional paid-in capital	32,048	31,013
Treasury stock, at cost, 544,120 and 393,744 shares, respectively	(9,574)	(6,166)
Retained earnings	16,997	15,225
Accumulated other comprehensive loss	(1,448)	(558)
Total stockholders' equity	38,076	39,567
	\$ 86,613	\$ 94,981

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

Wayside Technology Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Earnings

(Unaudited)

(Amounts in thousands, except per share data)

	Nine months ended September 30		Three months ended September 30,	
	2015	2014	2015	2014
Net sales	\$ 282,314	\$ 246,635	\$ 97,653	\$ 90,505
Cost of sales	262,652	228,782	90,773	84,329
Gross profit	19,662	17,853	6,880	6,176
Selling, general and administrative expenses	13,533	12,293	4,618	4,291
Income from operations	6,129	5,560	2,262	1,885
Other income:				
Interest, net	297	375	100	121
Foreign currency transaction loss	(9)	(8)	(4)	(4)
Income before provision for income taxes	6,417	5,927	2,358	2,002
Provision for income taxes	2,199	2,016	805	632
Net income	\$ 4,218	\$ 3,911	\$ 1,553	\$ 1,370
Income per common share Basic	\$ 0.91	\$ 0.84	\$ 0.34	\$ 0.29
Income per common share Diluted	\$ 0.90	\$ 0.83	\$ 0.33	\$ 0.29
Weighted average common shares outstanding Basic	4,652	4,639	4,624	4,716
Weighted average common shares outstanding Diluted	4,673	4,685	4,643	4,736
Dividends paid per common share	\$ 0.51	\$ 0.51	\$ 0.17	\$ 0.17

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

Wayside Technology Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(Amounts in thousands)

	Nine months ended September 30,		Three months ended September 30,	
	2015	2014	2015	2014
Net income	\$ 4,218	\$ 3,911	\$ 1,553	\$ 1,370
Other comprehensive loss, net of tax:				
Foreign currency translation adjustment	(890)	(357)	(428)	(293)
Other comprehensive loss	(890)	(357)	(428)	(293)
Comprehensive income	\$ 3,328	\$ 3,554	\$ 1,125	\$ 1,077

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

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, 2015	5,284,500	\$ 53	\$ 31,013	393,744	\$ (6,166)	\$ 15,225	\$ (558)	\$ 39,567
Net income						4,218		4,218
Translation adjustment							(890)	(890)
Dividends paid						(2,446)		(2,446)
Share-based compensation expense			797					797
Restricted stock grants (net of forfeitures)			(232)	(39,535)	232			
Stock options exercised			298	(44,640)	276			574
Tax benefit from share-based compensation			172					172
Treasury stock repurchased				234,551	(3,916)			(3,916)
Balance at September 30, 2015	5,284,500	\$ 53	\$ 32,048	544,120	\$ (9,574)	\$ 16,997	\$ (1,448)	\$ 38,076

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

Wayside Technology Group, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(Amounts in thousands)

**Nine months ended
September 30,
2015 2014**

Cash flows from operating activities