

VINCE HOLDING CORP.  
Form 10-Q  
December 10, 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 October 31, 2015

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-36212

VINCE HOLDING CORP.

(Exact name of registrant as specified in its charter)

Delaware 75-3264870  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

500 5<sup>th</sup> Avenue—20th Floor

New York, New York 10110

(Address of principal executive offices) (Zip code)

(212) 515-2600

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(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 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  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

Common Stock	Outstanding at December 7, 2015
Common Stock, \$0.01 par value per share	36,779,417 shares

VINCE HOLDING CORP. AND SUBSIDIARIES

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## DISCLOSURES REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 10-Q, and any statements incorporated by reference herein, contains forward-looking statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are indicated by words or phrases such as “may,” “will,” “should,” “believe,” “expect,” “seek,” “anticipate,” “intend,” “estimate,” “plan,” “target,” “project,” “envision” and other similar phrases. Although we believe the assumptions and expectations reflected in these forward-looking statements are reasonable, these assumptions and expectations may not prove to be correct and we may not achieve the results or benefits anticipated. These forward-looking statements are not guarantees of actual results and our actual results may differ materially from those suggested in the forward-looking statements. These forward-looking statements involve a number of risks and uncertainties, some of which are beyond our control, including, without limitation: our ability to remain competitive in the areas of merchandise quality, price, breadth of selection, and customer service; our ability to anticipate and/or react to changes in customer demand and attract new customers; including in connection with making inventory commitments; our ability to control the level of sales in the off-price channels; our ability to manage current excess inventory in a way that will promote the long-term health of the brand; our ability to maintain adequate cash flow from operations, availability under our revolving credit facility or obtain other financing to meet our liquidity needs (including our obligations under the Tax Receivable Agreement); changes in consumer confidence and spending; our ability to maintain projected profit margins; unusual, unpredictable and/or severe weather conditions; the execution and management of our retail store growth, including the availability and cost of acceptable real estate locations for new store openings; the execution and management of our international expansion, including our ability to promote our brand and merchandise outside the U.S. and find suitable partners in certain geographies; our ability to expand our product offerings into new product categories including the ability to find suitable licensing partners; our ability to successfully implement our marketing initiatives; our ability to protect our trademarks in the U.S. and internationally; our ability to maintain the security of electronic and other confidential information; serious disruptions and catastrophic events; changes in global economies and credit and financial markets; competition; the impact of recent turnover in the senior management team; the fact that a number of members of the management team have less than one year of tenure with the Company, and the current senior management team has not had a long period of time working together; our ability to attract and retain a qualified permanent CFO, as well other key personnel; commodity, raw material and other cost increases; compliance with laws, regulations and orders; changes in laws and regulations; outcomes of litigation and proceedings and the availability of insurance, indemnification and other third-party coverage of any losses suffered in connection therewith; tax matters and other factors as set forth from time to time in our Securities and Exchange Commission filings, including those described in this report on Form 10-Q and our 2014 annual report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2015 (our “2014 Annual Report on Form 10-K”) under the heading “Item 1A—Risk Factors.” We intend these forward-looking statements to speak only as of the time of this report on Form 10-Q and do not undertake to update or revise them as more information becomes available.

## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## VINCE HOLDING CORP. AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(in thousands, except share and per share data, unaudited)

	October 31, 2015	January 31, 2015
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$124	\$112
Trade receivables, net	18,868	33,797
Inventories, net	43,895	37,419
Prepaid expenses and other current assets	10,252	9,812
Total current assets	73,139	81,140
Property, plant and equipment, net	36,302	28,349
Intangible assets, net	109,196	109,644
Goodwill	63,746	63,746
Deferred income taxes and other assets	93,122	95,769
Total assets	\$375,505	\$378,648
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$30,154	\$29,118
Accrued salaries and employee benefits	1,972	7,380
Other accrued expenses	29,469	27,992
Total current liabilities	61,595	64,490
Long-term debt	75,219	84,450
Deferred rent	14,517	11,676
Other liabilities	148,003	146,063
<b>Commitments and contingencies (Note 9)</b>		
<b>Stockholders' equity:</b>		
Common stock at \$0.01 par value (100,000,000 shares authorized, 36,775,443 and 36,748,245 shares issued and outstanding at October 31, 2015 and January 31, 2015, respectively)	368	367
Additional paid-in capital	1,012,124	1,011,244
Accumulated deficit	(936,256 )	(939,577 )
Accumulated other comprehensive loss	(65 )	(65 )

Total stockholders' equity	76,171	71,969
Total liabilities and stockholders' equity	\$375,505	\$378,648

See notes to unaudited condensed consolidated financial statements.

## VINCE HOLDING CORP. AND SUBSIDIARIES

## Condensed Consolidated Statements of Operations

(in thousands, except share and per share data, unaudited)

	Three Months		Nine Months Ended	
	Ended October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Net sales	\$80,859	\$102,947	\$220,694	\$245,725
Cost of products sold	40,854	52,299	129,159	124,652
Gross profit	40,005	50,648	91,535	121,073
Selling, general and administrative expenses	27,662	25,818	80,633	71,092
Income from operations	12,343	24,830	10,902	49,981
Interest expense, net	1,428	2,235	4,367	7,570
Other expense, net	899	72	1,390	557
Income before income taxes	10,016	22,523	5,145	41,854
Provision for income taxes	4,123	9,212	1,824	16,658