

CRAFT BREW ALLIANCE, INC.
Form 10-Q
August 02, 2017

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, 2017
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 0-26542

CRAFT BREW ALLIANCE, INC.
(Exact name of registrant as specified in its charter)

Washington 91-1141254
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

929 North Russell Street
Portland, Oregon 97227
(Address of principal executive offices)

(503) 331-7270
(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, a 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

Non-accelerated Filer (Do not check if a smaller reporting company)

Accelerated Filer
Smaller Reporting
Company
Emerging Growth
Company

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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

The number of shares of the registrant's common stock outstanding as of July 27, 2017 was 19,293,775.

CRAFT BREW ALLIANCE, INC.
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CRAFT BREW ALLIANCE, INC.
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Dollars in thousands, except per share amounts)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$2,034	\$ 442
Accounts receivable, net	27,342	24,008
Inventory, net	15,493	19,091
Assets held for sale	23,622	—
Other current assets	3,588	2,495
Total current assets	72,079	46,036
Property, equipment and leasehold improvements, net	105,134	121,970
Goodwill	12,917	12,917
Intangible and other assets, net	19,061	19,482
Total assets	\$209,191	\$ 200,405
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$26,600	\$ 16,076
Accrued salaries, wages and payroll taxes	4,918	4,967
Refundable deposits	6,690	6,486
Other accrued expenses	7,544	4,108
Current portion of long-term debt and capital lease obligations	1,599	1,317
Total current liabilities	47,351	32,954
Long-term debt and capital lease obligations, net of current portion	21,826	27,946
Fair value of derivative financial instruments	346	424
Deferred income tax liability, net	17,832	18,181
Other liabilities	1,549	1,239
Total liabilities	88,904	80,744
Commitments and contingencies (Note 11)		
Common shareholders' equity:		
Common stock, \$0.005 par value. Authorized 50,000,000 shares; issued and outstanding 19,293,775 and 19,261,245	96	96
Additional paid-in capital	141,328	140,687
Accumulated other comprehensive loss	(214)	(262)
Accumulated deficit	(20,923)	(20,860)
Total common shareholders' equity	120,287	119,661
Total liabilities and common shareholders' equity	\$209,191	\$ 200,405

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

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CRAFT BREW ALLIANCE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months		Six Months Ended	
	Ended		June 30,	
	June 30,			
	2017	2016	2017	2016
Sales	\$64,204	\$66,294	\$110,970	\$108,087
Less excise taxes	3,654	4,016	6,118	6,587
Net sales	60,550	62,278	104,852	101,500
Cost of sales	42,221	41,780	73,854	72,285
Gross profit	18,329	20,498	30,998	29,215
Selling, general and administrative expenses	15,560	16,548	31,029	30,472
Operating income (loss)	2,769	3,950	(31)	(1,257)
Interest expense	(173)	(187)	(354)	(334)
Other income, net	10	6	13	12
Income (loss) before income taxes	2,606	3,769	(372)	(1,579)
Income tax provision (benefit)	882	1,508	(309)	(631)
Net income (loss)	\$1,724	\$2,261	\$(63)	\$(948)
Basic and diluted net income (loss) per share	\$0.09	\$0.12		