

Wayside Technology Group, Inc.
Form 10-Q
October 30, 2013

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, 2013

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 4,667,097 outstanding shares of common stock, par value \$.01 per share, (Common Stock) as of October 25, 2013, not including 617,403 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, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,743	\$ 9,835
Marketable securities		4,411
Accounts receivable, net of allowances of \$1,741 and \$1,586, respectively	49,855	61,388
Inventory, net	1,210	1,717
Prepaid expenses and other current assets	1,591	1,281
Deferred income taxes	280	280
Total current assets	67,679	78,912
Equipment and leasehold improvements, net	303	375
Accounts receivable-long-term	8,069	11,851
Other assets	159	71
Deferred income taxes	201	236
	\$ 76,411	\$ 91,445
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 43,311	\$ 59,265
Current portion - capital lease obligation		55
Total current liabilities	43,311	59,320
Commitments and contingencies		
Stockholders' equity		
Common Stock, \$.01 par value; 10,000,000 shares authorized, 5,284,500 shares issued; 4,674,097 and 4,740,873 shares outstanding, respectively	53	53
Additional paid-in capital	28,456	27,712
Treasury stock, at cost, 610,403 and 543,627 shares, respectively	(6,743)	(5,373)
Retained earnings	10,973	9,316
Accumulated other comprehensive income	361	417
Total stockholders' equity	33,100	32,125
	\$ 76,411	\$ 91,445

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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,	
	2013	2012	2013	2012
Net sales	\$ 210,537	\$ 211,610	\$ 70,462	\$ 75,534
Cost of sales	193,994	194,755	65,197	69,836
Gross profit	16,543	16,855	5,265	5,698
Selling, general and administrative expenses	11,211	11,148	3,480	3,611
Income from operations	5,332	5,707	1,785	2,087
Other income:				
Interest, net	416	394	140	140
Foreign currency transaction gain (loss)	10	13	(11)	12
Income before provision for income taxes	5,758	6,114	1,914	2,239
Provision for income taxes	1,868	2,428	584	887
Net income	\$ 3,890	\$ 3,686	\$ 1,330	\$ 1,352
Income per common share Basic	\$ 0.87	\$ 0.83	\$ 0.30	\$ 0.30
Income per common share Diluted	\$ 0.85	\$ 0.80	\$ 0.29	\$ 0.29
Weighted average common shares outstanding Basic	4,457	4,467	4,442	4,502
Weighted average common shares outstanding Diluted	4,568	4,635	4,551	4,643
Dividends paid per common share	\$ 0.48	\$ 0.48	\$ 0.16	\$ 0.16

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,	
	2013	2012	2013	2012
Net income	\$ 3,890	\$ 3,686	\$ 1,330	\$ 1,352
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	(67)	197	255	204
Reclassification adjustment for loss realized in net income on available-for-sale marketable securities	11			
Unrealized gain on available-for-sale marketable securities		7		2
Other comprehensive (loss) income	(56)	204	255	206
Comprehensive income	\$ 3,834	\$ 3,890	\$ 1,585	\$ 1,558

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		Additional Paid-In Capital		Treasury		Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount			Shares	Amount			
Balance at January 1, 2013	5,284,500	\$ 53	\$ 27,712		543,627	\$ (5,373)	\$ 9,316	\$ 417	\$ 32,125
Net income							3,890		3,890
Translation adjustment								(67)	(67)
Reclassification adjustment for loss realized in net income on available-for-sale marketable securities								11	11
Dividends paid							(2,233)		(2,233)
Stock options exercised			65		(25,000)	136			201
Share-based compensation expense			830						830
Restricted stock grants (net of forfeitures)			(276)		(55,725)	276			
Tax benefit from share-based compensation			125						125