

Edgar Filing: Liberty Tax, Inc. - Form 10-Q

Liberty Tax, Inc.
Form 10-Q
March 07, 2019

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 January 31, 2019

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 001-35588

Liberty Tax, Inc.
(Exact name of registrant as specified in its charter)
Delaware 27-3561876
(State of incorporation) (IRS employer identification no.)

1716 Corporate Landing Parkway
Virginia Beach, Virginia 23454
(Address of principal executive offices)
(757) 493-8855
(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 Interactive Data File required to be submitted 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 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:

Large accelerated filer Accelerated filer
Non-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 outstanding of the registrant's common stock as of March 4, 2019 was 14,057,941 shares.

LIBERTY TAX, INC.

Form 10-Q for the Quarterly Period Ended January 31, 2019

Table of Contents

	Page Number
 <u>PART I - FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	1
<u>Condensed Consolidated Balance Sheets as of January 31, 2019, April 30, 2018 and January 31, 2018</u>	2
<u>Condensed Consolidated Statements of Operations for the three and nine months ended January 31, 2019 and 2018</u>	3
<u>Condensed Consolidated Statements of Comprehensive Loss for the three and nine months ended January 31, 2019 and 2018</u>	4
<u>Condensed Consolidated Statements of Stockholders' Equity for the nine months ended January 31, 2019 and 2018</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended January 31, 2019 and 2018</u>	7
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	9
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	46
<u>Item 4. Controls and Procedures</u>	46
 <u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	48
<u>Item 1A. Risk Factors</u>	48
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
<u>Item 3. Defaults Upon Senior Securities</u>	49
<u>Item 4. Mine Safety Disclosures</u>	49
<u>Item 5. Other Information</u>	49
<u>Item 6. Exhibits</u>	49
<u>Signatures</u>	50

PART I. FINANCIAL INFORMATION
ITEM 1
FINANCIAL STATEMENTS (UNAUDITED)

1

LIBERTY TAX, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

January 31, 2019, April 30, 2018 and January 31, 2018

(In thousands, except share data)

	January 31, 2019 (unaudited)	April 30, 2018	January 31, 2018 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	\$4,348	\$18,522	\$4,084
Receivables:			
Accounts receivable	62,141	52,517	67,550
Notes receivable - current	69,513	24,295	69,015
Interest receivable, net of uncollectible amounts	3,480	1,526	4,476
Allowance for doubtful accounts - current	(10,878)	(11,522)	(7,987)
Total current receivables, net	124,256	66,816	133,054
Assets held for sale	—	8,941	12,070
Income taxes receivable	16,329	—	14,820
Other current assets	16,782	5,429	19,473
Total current assets	161,715	99,708	183,501
Property, equipment, and software, net	34,648	38,636	40,050
Notes receivable, non-current	11,435	6,554	17,676
Allowance for doubtful accounts, non-current	(946)	(965)	(1,006)
Total non-current notes receivables, net	10,489	5,589	16,670
Goodwill	7,348	8,640	9,210
Intangible assets, net	20,602	22,837	23,068
Deferred income taxes	307	343	174
Other assets	1,975	2,250	2,535
Total assets	\$237,084	\$178,003	\$275,208
Liabilities and Stockholders' Equity			
Current liabilities:			
Current installments of long-term obligations	\$13,763	\$18,113	\$5,223
Accounts payable and accrued expenses	17,566	14,521	22,027
Due to Area Developers (ADs)	9,818	17,906	11,742
Income taxes payable	34	4,511	—
Revolving credit facility	107,893	—	—
Deferred revenue - current	4,593	2,021	2,024
Total current liabilities	153,667	57,072	41,016
Long-term obligations, excluding current installments, net	1,946	2,270	16,421
Revolving credit facility	—	—	120,189
Deferred revenue and other - non-current	5,199	4,692	5,193
Deferred income tax liability	1,723	1,397	3,682
Long-term income taxes payable	1,208	1,070	—
Total liabilities	163,743	66,501	186,501
Commitments and contingencies			
Stockholders' equity:			
Special voting preferred stock, \$0.01 par value per share, 0, 10 and 10 shares authorized, issued and outstanding, respectively	—	—	—

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Class A common stock, \$0.01 par value per share, 21,200,000 shares authorized, 14,057,941, 12,823,020 and 12,750,057 shares issued and outstanding, respectively	141	128	127
Class B common stock, \$0.01 par value per share, 1,000,000 shares authorized, 0, 200,000 and 200,000 shares issued and outstanding, respectively	—	2	2
Exchangeable shares, \$0.01 par value per share, 1,000,000 shares authorized, 0, 1,000,000 and 1,000,000 shares issued and outstanding, respectively	—	10	10