

PAR TECHNOLOGY CORP  
Form 8-K  
August 01, 2012

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 1, 2012

PAR Technology Corporation  
(Exact name of registrant as specified in its charter)

|   |                                     |  |
|---|-------------------------------------|--|
| Delaware<br>(State or Other Jurisdiction<br>of Incorporation) | 1-09720<br>(Commission File Number) | 16-1434688<br>(IRS Employer<br>Identification No.) |
|---|-------------------------------------|--|

PAR Technology Park, 8383 Seneca Turnpike, New Hartford, New York 13413-4991  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (315) 738-0600

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

- (a) The information, including Exhibits attached hereto, in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing.
- (b) On August 1, 2012, PAR Technology Corporation issued a press release announcing its results of operation for the quarterly period ending June 30, 2012. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

99.1

Press Release dated August 1, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAR TECHNOLOGY CORPORATION  
(Registrant)

Date: August 1, 2012

/s/Steven M. Malone  
Steven M. Malone  
Vice President, Controller and Chief  
Accounting Officer

EXHIBIT INDEX

Exhibit Number

Description

99.1

Press Release dated August 1, 2012.

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Exhibit 99.1

Press Release dated August 1, 2012.

F O R NEW HARTFORD, NY, August 1, 2012  
RELEASE:  
CONTACT: Christopher R. Byrnes (315) 738-0600 ext. 6226  
cbyrnes@partech.com, www.partech.com

PAR TECHNOLOGY CORPORATION ANNOUNCES

2012 SECOND QUARTER RESULTS

New Hartford, NY- August 1, 2012 -- PAR Technology Corporation (NYSE: PAR) today announced results for the second quarter ended June 30, 2012. PAR reported revenues of \$62.1 million and net loss from continuing operations of \$511,000 or \$0.03 loss per diluted share. For the second quarter of 2011, PAR reported revenue of \$56.4 million and net loss from continuing operations of \$17.5 million or \$1.17 loss per diluted share. On an adjusted, non-GAAP basis, excluding the impact of non-recurring charges incurred during the period and reflecting the reclassification of continuing operations, PAR recorded net income of \$1.3 million or \$0.09 per diluted share for the second quarter of 2011.

Included in the current period net loss was a non-operating loss of \$0.02 per share associated with the second quarter of 2012 sale of common stock received as consideration as part of the Company's divestiture of its Logistics Management business in January.

Commenting on the second quarter, Paul B. Domorski, Chairman and Chief Executive Officer, stated, "I said on last quarter's earnings conference call that the second quarter would be challenging due to the slowdown of our McDonalds business, and as we begin to ramp new deployments. Despite this, hospitality revenue increased sequentially, as we recognized revenue from several ongoing deployments with other restaurant chains, which we expect to continue for the coming quarters. We remain encouraged about PAR's prospects. Our two new cloud based products, ATRIO™ and EverServ SureCheck™, continue to draw increasing interest in the marketplace, and we are engaged in numerous discussions with large potential customers. Our momentum in restaurants received a major boost with last week's introduction of our new PAR EverServ® 7000 point-of-sale platform, for which early interest has been very encouraging. The 7000 Series POS terminal has a sleek design, innovative technology featuring multi-touch capability, and delivers the rugged durability for which PAR is renowned. Our Government business reported record revenues this past quarter driven by the Eagle Intel-X contract along with newly signed and additional add-on contracts with the U.S. Department of Defense."

"In closing, PAR's financial strength remains strong, as we have more than \$17 million of cash and investments and very little debt. While business in the second quarter was challenging, we believe we are in a good position to expand and improve our results in the second half of 2012."

Certain Company information in this release or statements made by its spokespersons from time to time may contain forward-looking statements. Any statements in this document that do not describe historical facts are forward-looking

statements. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including without limitation, delays in new product introduction, risks in technology development and commercialization, risks in product development and market acceptance of and demand for the Company's products, risks of downturns in economic conditions generally, and in the quick service sector of the restaurant market specifically, risks of intellectual property rights associated with competition and competitive pricing pressures, risks associated with foreign sales and high customer concentration, and other risks detailed in the Company's filings with the Securities and Exchange Commission.

## About PAR Technology Corporation

PAR Technology Corporation's stock is traded on the New York Stock Exchange under the symbol PAR. PAR has two operating segments:

- PAR's Hospitality segment has been a leading provider of restaurant and retail technology for more than 30 years. ParTech, Inc. offers technology solutions for the full spectrum of restaurant operations, from large chain and independent table service restaurants to international quick service chains. PAR Springer-Miller Systems, Inc. offers hotel management systems that provide a complete suite of powerful tools for guest management, recreation management, and timeshare/condo management. PAR Springer-Miller Systems also provides the spa industry a leading management application that was specifically designed to support the unique needs of the resort spa and day spa markets, a rapidly growing hospitality segment. Products from PAR also can be found in retailers, cinemas, cruise lines, stadiums and food service companies.
- PAR's Government segment is comprised of PAR Government Systems Corporation, which provides system solutions to Federal/State Government agencies, and Rome Research Corporation, which is a leading provider of communications and information technology support services to the United States Department of Defense.

Visit [www.partech.com](http://www.partech.com) for more information.

There will be a conference call at 10:00 a.m. (Eastern) on August 1, 2012, during which the Company's management will discuss the financial results for the second quarter of 2012. If you would like to participate in this conference call, please dial 1-800-260-8140 approximately 10 minutes before the scheduled beginning and use the PAR passcode 26579296. Individual and institutional investors also will have the opportunity to listen to the conference call live over the Internet. Individual investors can listen by visiting PAR's website at [www.partech.com](http://www.partech.com) or by visiting CCBN's individual investor center at [www.companyboardroom.com](http://www.companyboardroom.com) or any of the investor sites in CCBN's Individual Investor Network. Institutional investors can access the call via CCBN's password-protected site, StreetEvents ([www.streetevents.com](http://www.streetevents.com)). If you are unable to participate in the conference call, an automatic replay will be available until August 8, 2012 via [www.companyboardroom.com](http://www.companyboardroom.com) or via telephone by dialing 1-888-286-8010 and using the passcode 96484302.

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PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except share amounts)  
(unaudited)

|   | June 30,<br>2012 | December<br>31,<br>2011 |
|---|------------------|-------------------------|
| Assets  |                  |                         |
| Current assets:   |                  |                         |
| Cash and cash equivalents   | \$16,895         | \$7,742                 |
| Investments   | 250              | -                       |
| Accounts receivable-net   | 31,336           | 30,680                  |
| Inventories-net   | 23,469           | 25,260                  |
| Deferred income taxes   | 9,907            | 10,240                  |
| Other current assets  | 3,138            | 3,088                   |
| Escrow receivable   | 1,147            | -                       |
| Total current assets  | 86,142           | 77,010                  |
| Property, plant and equipment - net   | 6,119            | 5,259                   |
| Deferred income taxes   | 5,116            | 5,605                   |
| Goodwill  | 6,852            | 6,852                   |
| Intangible assets - net   | 16,444           | 15,888                  |
| Other assets  | 2,330            | 2,147                   |
| Assets of discontinued operations   | -                | 3,182                   |
| Total Assets  | \$123,003        | \$115,943               |
| Liabilities and Shareholders' Equity  |                  |                         |
| Current liabilities:  |                  |                         |
| Current portion of long-term debt   | \$599            | \$1,494                 |
| Accounts payable  | 19,000           | 15,773                  |
| Accrued salaries and benefits   | 6,392            | 7,002                   |
| Accrued expenses  | 2,211            | 2,609                   |
| Customer deposits   | 714              | 1,137                   |
| Deferred service revenue  | 14,912           | 10,412                  |
| Income taxes payable  | 93               | 138                     |
| Total current liabilities   | 43,921           | 38,565                  |
| Long-term debt  | 1,173            | 1,249                   |
| Other long-term liabilities   | 3,101            | 2,837                   |
| Liabilities of discontinued operations  | 101              | 925                     |
| Shareholders' Equity:   |                  |                         |
| Preferred stock, \$.02 par value, 1,000,000 shares authorized   | -                | -                       |
| Common stock, \$.02 par value, 29,000,000 shares authorized;<br>17,050,102 and 16,863,868 shares issued;<br>15,342,818 and 15,156,584 outstanding | 341              | 337                     |
| Capital in excess of par value  | 43,413           | 42,990                  |
| Retained earnings   | 37,017           | 35,073                  |
| Accumulated other comprehensive loss  | (232)            | (201)                   |
| Treasury stock, at cost, 1,707,284 and 1,707,284 shares   | (5,832)          | (5,832)                 |
| Total shareholders' equity  | 74,707           | 72,367                  |
| Total Liabilities and Shareholders' Equity  | \$123,003        | \$115,943               |



See accompanying notes to consolidated financial statements

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PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(unaudited)

|  | For the three months<br>Ended June 30, |             | For the six months<br>Ended June 30, |             |
|--|--|-------------|--------------------------------------|-------------|
|  | 2012                                   | 2011        | 2012                                 | 2011        |
| Net revenues:  |  |             |                                      |             |
| Product  | \$20,142                               | \$22,743    | \$40,312                             | \$44,453    |
| Service  | 16,014                                 | 17,440      | 31,393                               | 33,084      |
| Contract   | 25,929                                 | 16,258      | 45,973                               | 33,080      |
|  | 62,085                                 | 56,441      | 117,678                              | 110,617     |
| Costs of sales:  |  |             |                                      |             |
| Product  | 14,041                                 | 13,963      | 25,018                               | 27,134      |
| Service  | 11,473                                 | 20,285      | 22,038                               | 30,992      |
| Contract   | 24,584                                 | 15,336      | 43,567                               | 31,145      |
|  | 50,098                                 | 49,584      | 90,623                               | 89,271      |
| Gross margin   | 11,987                                 | 6,857       | 27,055                               | 21,346      |
| Operating expenses:  |  |             |                                      |             |
| Selling, general and administrative  | 9,291                                  | 9,647       | 19,434                               | 18,985      |
| Research and development   | 3,089                                  | 3,322       | 6,638                                | 7,065       |
| Impairment of goodwill and intangible assets                               | -                                      | 20,843      | -                                    | 20,843      |
| Amortization of identifiable intangible assets                             | 150                                    | 205         | 303                                  | 410         |
|  | 12,530                                 | 34,017      | 26,375                               | 47,303      |
| Operating income (loss) from continuing operations                         | (543 )                                 | (27,160 )   | 680                                  | (25,957 )   |
| Other income (expense), net  | (366 )                                 | (157 )      | 207                                  | (129 )      |
| Interest expense   | (21 )                                  | (67 )       | (42 )                                | (115 )      |
| Income (loss) from continuing operations before provision for income taxes | (930 )                                 | (27,384 )   | 845                                  | (26,201 )   |
| (Provision) benefit for income taxes                                       | 419                                    | 9,858       | (321 )                               | 9,416       |
| Income (loss) from continuing operations                                   | (511 )                                 | (17,526 )   | 524                                  | (16,785 )   |
| Discontinued operations  |  |             |                                      |             |
| Income (loss) on discontinued operations (net of tax)                      | (10 )                                  | (322 )      | 1,420                                | (659 )      |
| Net income (loss)  | \$(521 )                               | \$(17,848 ) | \$1,944                              | \$(17,444 ) |
| Basic Earnings per Share:  |  |             |                                      |             |
| Income (loss) from continuing operations                                   | (.03 )                                 | (1.17 )     | .03                                  | (1.12 )     |
| Income (loss) from discontinued operations                                 | (.00 )                                 | (.02 )      | .09                                  | (.04 )      |
| Net income (loss)  | \$(.03 )                               | \$(1.19 )   | \$.13                                | \$(1.17 )   |
| Diluted Earnings per Share:  |  |             |                                      |             |
| Income (loss) from continuing operations                                   | (.03 )                                 | (1.17 )     | .03                                  | (1.12 )     |
| Income (loss) from discontinued operations                                 | (.00 )                                 | (.02 )      | .09                                  | (.04 )      |
| Net income (loss)  | \$(.03 )                               | \$(1.19 )   | \$.13                                | \$(1.17 )   |
| Weighted average shares outstanding  |  |             |                                      |             |
| Basic  | 15,098                                 | 14,996      | 15,091                               | 14,960      |
| Diluted  | 15,098                                 | 14,996      | 15,163                               | 14,960      |

See accompanying notes to consolidated financial statements

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PAR TECHNOLOGY CORPORATION  
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES  
(in thousands, except per share data)

|  | For the three months ended June 30, 2011             |                             |             |                                   |
|--|--|-----------------------------|-------------|-----------------------------------|
|  | For the<br>three<br>months<br>ended June<br>30, 2012 | Reported<br>basis<br>(GAAP) | Adjustments | Comparable<br>basis<br>(Non-GAAP) |
| Net revenues   | \$62,085   | \$56,441                    |             | \$ 56,441                         |
| Costs of sales   | 50,098   | 49,584                      | 7,732       | 41,852                            |
| Gross Margin   | 11,987   | 6,857                       | 7,732       | 14,589                            |
| Operating Expenses   |  |                             |             |                                   |
| Selling, general and administrative  | 9,291  | 9,647                       | 595         | 9,052                             |
| Research and development   | 3,089  | 3,322                       | -           | 3,322                             |
| Impairment of goodwill and intangible assets                               | -  | 20,843                      | 20,843      | -                                 |
| Amortization of identifiable intangible assets                             | 150  | 205                         | -           | 205                               |
| Total operating expenses   | 12,530   | 34,017                      | 21,438      | 12,579                            |
| Operating income (loss) from continuing operations                         | (543 )   | (27,160 )                   | 29,170      | 2,010                             |
| Other income (expense), net  | (366 )   | (157 )                      | 253         | 96                                |
| Interest expense   | (21 )  | (67 )                       | -           | (67 )                             |
| Income (loss) from continuing operations before provision for income taxes | (930 )   | (27,384 )                   | 29,423      | 2,039                             |
| (Provision)benefit for income taxes  | 419  | 9,858                       | (10,568 )   | (710 )                            |
| Income (loss) from continuing operations                                   | \$(511 )   | \$(17,526 )                 | \$ 18,855   | \$ 1,329                          |
| Income (loss) per diluted share from continuing operations                 | \$(0.03 )  | \$(1.17 )                   |             | \$ .09                            |

PAR TECHNOLOGY CORPORATION  
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES  
(in thousands, except per share data)

|  | For the six<br>months<br>ended June<br>30, 2012 | For the six months ended June 30, 2011<br>Reported<br>basis<br>(GAAP) | Adjustments | Comparable<br>basis<br>(Non-GAAP) |
|--|---|---|-------------|-----------------------------------|
| Net revenues   | \$ 117,678                                      | \$ 110,617  |             | \$ 110,617                        |
| Costs of sales   | 90,623  | 89,271  | 7,732       | 81,539                            |
| Gross Margin   | 27,055  | 21,346  | 7,732       | 29,078                            |
| Operating Expenses   |   |   |             |                                   |
| Selling, general and administrative  | 19,434  | 18,985  | 595         | 18,390                            |
| Research and development   | 6,638   | 7,065   |             | 7,065                             |
| Impairment of goodwill and intangible assets                               | -   | 20,843  | 20,843      | -                                 |
| Amortization of identifiable intangible assets                             | 303   | 410   |             | 410                               |
| Total operating expenses   | 26,375  | 47,303  | 21,438      | 25,865                            |
| Operating income (loss) from continuing operations                         | 680   | (25,957 )   | 29,170      | 3,213                             |
| Other income (expense), net  | 207   | (129 )  | 253         | 124                               |
| Interest expense   | (42 )   | (115 )  |             | (115 )                            |
| Income (loss) from continuing operations before provision for income taxes | 845   | (26,201 )   | 29,423      | 3,222                             |
| (Provision)benefit for income taxes  | (321 )  | 9,416   | (10,568 )   | (1,152 )                          |
| Income (loss) from continuing operations                                   | \$524   | \$(16,785 )   | \$ 18,855   | \$ 2,070                          |
| Income (loss) per diluted share from continuing operations                 | \$0.03  | \$(1.12 )   |             | \$ .14                            |

The Company reports its financial results in accordance with GAAP. However, non-GAAP adjusted financial measures, as defined in the reconciliation table above, are provided herein because management uses such measures in evaluating the results of the continuing operations of the Company and believes this information provides investors better insight into underlying business trends and performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

For the three and six months ended June 30, 2011, the Company recorded total charges of \$29.4 million primarily related to an impairment of goodwill and intangible assets of —\$20.8 million. Additionally, the Company recorded a charge of \$7.7 million related to a non-recurring write-down of certain inventory associated with discontinued products, and charges of \$0.9 million related to the consolidation of some of its facilities. The aforementioned charges have been recorded net of tax benefit of \$10.6 million and have been excluded in the Company's non-GAAP measures because they are considered non-recurring in nature and are quantitatively and qualitatively different from the Company's core operations during any particular period.

