

Carbonite Inc
Form 10-Q
August 02, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 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 number: 001-35264

CARBONITE, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation)

33-1111329
(I.R.S. Employer
Identification No.)

177 Huntington Avenue

Boston, Massachusetts
(Address of principal executive offices)

02115
(Zip Code)

(617) 587-1000
(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. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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

As of July 29, 2013, there were 26,185,707 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

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CARBONITE, INC.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Carbonite, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)**

	June 30, 2013	December 31, 2012
(In thousands, except share and per share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,550	\$ 40,341
Marketable securities	14,986	14,990
Accounts receivable, net of allowance	2,133	1,549
Prepaid expenses and other current assets	2,301	2,369
Restricted cash	500	500
Total current assets	63,470	59,749
Property and equipment, net	24,126	24,622
Other assets	241	147
Acquired intangible assets, net	4,393	4,871
Goodwill	11,536	11,536
Total assets	\$ 103,766	\$ 100,925
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 4,536	\$ 6,247
Accrued expenses	9,444	5,068
Current portion of deferred revenue	66,491	60,119
Total current liabilities	80,471	71,434
Deferred revenue, net of current portion	14,741	15,087
Other long-term liabilities	523	473
Total liabilities	95,735	86,994
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 6,000,000 shares authorized; no shares issued		
Common stock, \$0.01 par value; 45,000,000 shares authorized; 26,100,622 and 25,806,123 outstanding at June 30, 2013 and December 31, 2012, respectively		
	261	258
Additional paid-in capital	136,908	133,059
Treasury stock, at cost (2,009 shares)	(22)	(22)
Accumulated other comprehensive income (loss)	(7)	9
Accumulated deficit	(129,109)	(119,373)
Total stockholders' equity	8,031	13,931

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Total liabilities and stockholders' equity	\$ 103,766	\$ 100,925
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The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**Carbonite, Inc.****Condensed Consolidated Statements of Operations****(Unaudited)**

(In thousands, except share and per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue	\$ 26,216	\$ 20,247	\$ 50,724	\$ 38,794
Cost of revenue	8,455	6,994	17,293	13,779
Gross profit	17,761	13,253	33,431	25,015
Operating expenses:				
Research and development	4,901	5,029	10,377	9,869
General and administrative	3,528	2,377	8,305	4,613
Sales and marketing	11,511	10,070	24,193	22,685
Restructuring charges	126		272	1,174
Total operating expenses	20,066	17,476	43,147	38,341
Loss from operations	(2,305)	(4,223)	(9,716)	(13,326)
Interest and other income (expense), net	(2)	2		(1)
Loss before income taxes	(2,307)	(4,221)	(9,716)	(13,327)
Provision for income taxes	(10)	(10)	(20)	(20)
Net loss	\$ (2,317)	\$ (4,231)	\$ (9,736)	\$ (13,347)
Basic and diluted net loss per share	\$ (0.09)	\$ (0.17)	\$ (0.38)	\$ (0.53)
Weighted-average number of common shares used in computing basic and diluted net loss per share	26,014,409	25,448,791	25,951,899	25,337,653

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

Table of Contents**Carbonite, Inc.****Condensed Consolidated Statements of Comprehensive Loss****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2013	2012	2013	2012
(In thousands)				
Net loss	\$ (2,317)	\$ (4,231)	\$ (9,736)	\$ (13,347)
Other comprehensive income (loss):				
Net unrealized gain (loss) on marketable securities	(14)	2	(12)	3
Foreign currency translation adjustments	(1)	1	(4)	5
Total other comprehensive income (loss)	(15)	3	(16)	8
Total comprehensive loss	\$ (2,332)	\$ (4,228)	\$ (9,752)	\$ (13,339)

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

Table of Contents**Carbonite, Inc.****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

	Six Months Ended June 30,	
	2013	2012
<i>(In thousands)</i>		
Operating activities		
Net loss	\$ (9,736)	\$ (13,347)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	6,319	5,090
Amortization (accretion) of premium (discount) on marketable securities	(8)	120
Stock-based compensation expense	2,484	1,959
Provision for reserves on accounts receivable	10	42
Non-cash restructuring charge	173	1,017
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(594)	(96)
Prepaid expenses and other current assets	68	47
Other assets	(94)	9
Accounts payable	(1,714)	(1,395)
Accrued expenses	4,206	241
Other long-term liabilities	50	26
Deferred revenue	6,026	7,831
Net cash provided by operating activities	7,190	1,544
Investing activities		
Purchases of property and equipment	(5,345)	(8,417)
Proceeds from maturities of marketable securities	5,000	5,000
Purchases of marketable securities	(5,000)	(1,210)
Increase in restricted cash		(500)
Net cash used in investing activities		