

AGILE SOFTWARE CORP

Form 10-Q

March 13, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2006

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 000-27071

AGILE SOFTWARE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

77-0397905
(I.R.S. Employer

incorporation or organization)

Identification No.)

6373 San Ignacio Avenue, San Jose, California 95119-1200

(Address of principal executive office)

(408) 284-4000

(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 the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

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Large accelerated filer ☐

An accelerated filer ☒

Or a non-accelerated filer ☐

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 Common Stock of Agile Software Corporation issued and outstanding as of January 31, 2006 was 56,887,908.

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AGILE SOFTWARE CORPORATION

FORM 10-Q

JANUARY 31, 2006

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****AGILE SOFTWARE CORPORATION****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands)**

	January 31, 2006	April 30, 2005 (1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 102,078	\$ 81,760
Short-term investments	84,216	93,444
Accounts receivable, net of allowance for doubtful accounts of \$1,823 and \$1,892 as of January 31, 2006 and April 30, 2005, respectively	22,836	26,899
Other current assets	4,784	5,157
Total current assets	213,914	207,260
Long-term investments	14,101	23,176
Property and equipment, net	9,112	10,067
Intangible assets, net	8,404	12,735
Other assets	1,038	1,127
Goodwill	66,713	66,658
Total assets	\$ 313,282	\$ 321,023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,551	\$ 8,409
Accrued expenses and other liabilities	18,115	16,275
Accrued restructuring, current	2,327	2,010
Deferred revenue	26,483	25,190
Total current liabilities	54,476	51,884
Accrued restructuring, non-current	321	615
Deferred revenue, non-current	1,036	1,647
Other non-current liabilities	4,820	5,996
Total liabilities	60,653	60,142
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common Stock	57	54
Additional paid-in capital	555,609	551,846
Notes receivable from stockholders	(77)	(77)
Unearned stock compensation		(526)
Accumulated other comprehensive loss	220	(1,391)
Accumulated deficit	(303,180)	(289,025)

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Total stockholders' equity	252,629	260,881
Total liabilities and stockholders' equity	\$ 313,282	\$ 321,023

(1) Amounts as of April 30, 2005 have been derived from audited financial statements as of that date.
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents**AGILE SOFTWARE CORPORATION****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share amounts)**

	Three Months Ended		Nine Months Ended	
	January 31, 2006	January 31, 2005	January 31, 2006	January 31, 2005
Revenues:				
License	\$ 13,405	\$ 12,455	\$ 36,882	\$ 33,975
Service	19,397	17,825	61,783	51,003
Total revenues	32,802	30,280	98,665	84,978
Cost of revenues:				
License	842	1,243	2,449	3,484
Service (1)	9,840	8,460	32,253	24,042
Amortization of intangible assets	726	178	2,176	533
Total cost of revenues	11,408	9,881	36,878	28,059
Gross margin	21,394	20,399	61,787	56,919
Operating expenses:				
Sales and marketing (1)	12,376	12,043	37,538	33,501
Research and development (1)	8,923	5,651	25,678	16,496
General and administrative (1)	3,239	2,942	9,553	8,419
Amortization of intangible assets	627	357	1,856	1,403
Restructuring charges	1,729		1,729	2,132
Total operating expenses	26,894	20,993	76,354	61,951
Loss from operations	(5,500)	(594)	(14,567)	(5,032)
Interest and other income, net	1,597	1,169	3,751	3,047
Income (loss) before provision for income taxes	(3,903)	575	(10,816)	(1,985)
Provision for income taxes	237	285	644	820
Net income (loss)	\$ (4,140)	\$ 290	\$ (11,460)	\$ (2,805)
Net income (loss) per share:				
Basic and diluted	\$ (0.08)	\$ 0.01	\$ (0.21)	\$ (0.05)
Weighted average shares				
Basic	54,808	53,058	54,052	52,732
Diluted	54,808	54,840	54,052	52,732

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(1) Effective May 1, 2005, Agile adopted FAS 123(R), Share-Based Payments, and uses the modified prospective method to value its share-based payments. Accordingly, for the three and nine months ended January 31, 2006, stock compensation was accounted under FAS 123(R), while for the three and nine months ended January 31, 2005, stock compensation was accounted under APB 25, Accounting for Stock Issued to Employees. See Note 7 - Stock Compensation. The amounts in the tables above includes stock compensation as follows:

Cost of service revenue	\$	144	\$	36	\$	417	\$	179
Sales and marketing		462		87		1,353		331
Research and development		123		2		326		25
General and administrative		207		34		611		157
Total stock compensation	\$	936	\$	159	\$	2,707	\$	692

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

Table of Contents**AGILE SOFTWARE CORPORATION****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Nine Months Ended	
	January 31,	
	2006	2005
Cash flows from operating activities:		
Net loss	\$ (11,460)	\$ (2,805)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for doubtful accounts	16	413
Depreciation and amortization	7,239	5,684
Stock compensation	2,707	692
Non-cash portion of restructuring charges	265	39
Shares withheld in payment of employee withholding taxes (see Note 7 - Stock Compensation for description of this payment)	(2,695)	
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	3,663	(3,164)
Other assets, current and non-current	357	(1,209)
Accounts payable	(691)	1,254
Accrued expenses and other liabilities	412	(2,679)
Deferred revenue	935	3,020
Net cash provided by operating activities	748	1,245
Cash flows from investing activities:		
Purchases of investments	(32,123)	(92,071)
Proceeds from maturities of investments	51,987	133,350
Cash paid in business combinations, net of cash acquired	245	(761)
Acquisition of property and equipment	(2,394)	(3,188)
Net cash provided by investing activities	17,715	37,330