

DALEEN TECHNOLOGIES INC

Form 8-K

October 25, 2001

Table of Contents

Item 5 Other Events.

Capsule Financial Information for the Three and Nine Months Ended September 30, 2001

On October 24, 2001, Daleen Technologies, Inc., a Delaware corporation (the Company), reported its financial results for the three and nine months ended September 30, 2001. The Company reported revenue of \$2.2 million and \$10.8 million for the three and nine months ended September 30, 2001, respectively. Net loss for the third quarter, on an adjusted basis, was \$7.3 million, or \$0.33 per share. Net loss for the nine months ended September 30, 2001, on an adjusted basis, was \$25.7 million, or \$1.18 per share. See Note on Adjusted Results of Operations below for a description of the methods used to calculate net loss and net loss per share on an adjusted basis, including the goodwill impairment charge in the third quarter. Including the adjustments described in this note, the actual net loss per share for the three and nine months ended September 30, 2001, was \$1.68 and \$4.73, respectively.

As of September 30, 2001, the Company had approximately \$21 million in cash on hand.

Following is certain capsule unaudited financial information with respect to the periods presented.

Table of Contents

Daleen Technologies, Inc. and Subsidiaries

**Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)**

	September 30 2001	December 31 2000
Assets		
Current assets:		
Cash and cash equivalents	\$20,951	\$22,268
Restricted cash	30	931
Accounts receivable, net	3,324	13,929
Costs in excess of billings	281	2,213
Other current assets	440	904
<hr/>		
<hr/>		
Total current assets	25,026	40,245
Property and equipment, net	5,218	10,146
Goodwill and other intangibles, net	7,553	44,726
Other assets	2,349	4,345
<hr/>		
<hr/>		
Total assets	\$40,146	\$99,462
<hr/>		
<hr/>		
Liabilities and Stockholders Equity		

Edgar Filing: DALEEN TECHNOLOGIES INC - Form 8-K

Current liabilities:

Accrued payroll and other accrued expenses

5,579 12,731

Accounts payable

1,145 2,968

Billings in excess of costs

1,292 1,466

Deferred revenue

1,374 2,944

Other current liabilities

20 1,061

Total current liabilities

9,410 21,170

Long term portion of capitalized lease

607

Total liabilities

9,410 21,777

Total stockholders equity

30,736 77,685

Total liabilities and stockholders equity

\$40,146 \$99,462

Table of Contents

Daleen Technologies, Inc. and Subsidiaries

**Condensed Consolidated Statements of Operations
(in thousands except per share data)
(unaudited)**

		<u>Three Months</u> <u>Ended</u>		<u>Nine Months</u> <u>Ended</u>	
		<u>September</u>	<u>September</u>	<u>September</u>	<u>September</u>
		<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
		<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>

Revenue:

License fees
 \$418 \$9,456 \$3,193 \$22,247
 Professional services and other
 1,787 4,569 7,601 12,220

Total revenue
 2,205 14,025 10,794 34,467

Cost of revenue:

License fees
 1,236 201 1,604 586
 Professional services and other
 1,288 3,910 6,331 10,204

Total cost of revenue
2,524 4,111 7,935 10,790

Gross margin
(319) 9,914 2,859 23,677

Operating expenses:

Sales and marketing
1,826 4,061 8,781 9,896

Research and development
2,430 7,564 10,931 19,316

General and administrative
6,810 7,831 24,323 22,940

Restructuring and impairment charges
23,408 34,473

Total operating expenses
34,474 19,456 78,508 52,152

Operating loss
(34,793) (9,542) (75,649) (28,475)

Total interest income and nonoperating income, net
447 488 990 1,914

Net loss
\$(34,346) \$(9,054) \$(74,659) \$(26,561)
Less: preferred stock dividends
(2,447) (28,512)

Net loss applicable to common shareholders
\$(36,793) \$(9,054) \$(103,171) \$(26,561)

Net loss per share basic and diluted
\$(1.68) \$(0.42) \$(4.73) \$(1.23)

Weighted average outstanding shares basic and diluted

21,870 21,755 21,823 21,635

Adjustments to net loss for goodwill and other intangibles,
stock compensation expense, restructuring and impairment:

Goodwill, other intangibles, non-cash stock compensation
expense, restructuring and impairment
27,078 4,130 48,986 11,867

Adjusted net loss (see note below):
(7,268) (4,924) (25,673) (14,694)

Adjusted net loss per share basic and diluted
\$(0.33) \$(0.23) \$(1.18) \$(0.68)

Table of Contents

Note on Adjusted Results of Operations: Net loss and net loss per share on an adjusted basis are computed by excluding amortization and the impairment of goodwill, non-cash stock compensation charges related to the issuance of certain stock options, restructuring and impairment charges and preferred stock dividends. The goodwill is related to the Company's December 1999 acquisition of Inlogic Software Inc. and an impairment of goodwill was recorded in the third quarter of \$23.4 million. The restructuring and impairment charges are related to the January 5 and April 10, 2001 restructuring actions. The preferred stock dividends relate to the beneficial conversion feature and warrant valuation recorded in connection with the Series F preferred stock offering. For the three and nine months ended September 30, 2001 these adjustments are approximately \$29.5 million and \$77.5 million, respectively. See Information with Respect to Forward-Looking Statements below.

INFORMATION WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Certain matters discussed in this report may be considered forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. Those statements include statements regarding the intent, belief or current expectations of the Company and members of its management as well as the assumptions on which such statements are based. Prospective investors and stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include variance of quarterly operating results; not yet achieving profitability; liquidity and capital resources; competition; need to expand sales and distribution capabilities; lengthy sales cycles and timing of contract awards; general economic conditions, including the economic conditions affecting the Company's existing and prospective customers; ability to attract and retain qualified employees; the Company's continued use of strategic relationships to implement and sell our products; managing growth; planned international operations; meeting customer expectations; general market conditions, and quality of software delivered. These and additional important factors to be considered are set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, as amended, and in the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2001 and June 30, 2001, each as amended. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

Table of Contents

SIGNATURES

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

DALEEN TECHNOLOGIES, INC.

By: /s/

Jeanne
Prayther

Dated:
October 24,
2001 Jeanne
Prayther,
Acting Chief
Financial
Officer,
Secretary and
Treasurer