

Quotient Technology Inc.
Form 10-Q
August 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2016

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: 001-36331

Quotient Technology Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

77-0485123
(I.R.S. Employer
Identification No.)

400 Logue Avenue, Mountain View, California
(Address of Principal Executive Offices)

94043
(Zip Code)

Edgar Filing: Quotient Technology Inc. - Form 10-Q

(650) 605-4600

(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

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 checkmark 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 time 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 definition 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 August 3, 2016, the registrant had 83,938,922 shares of common stock outstanding.

QUOTIENT TECHNOLOGY INC.

INDEX

REPORT ON

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2016

PART I FINANCIAL INFORMATION

<u>Item 1 Financial Statements (unaudited):</u>	3
<u>Condensed Consolidated Balance Sheets as of June 30, 2016 and December 31, 2015</u>	3
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2016 and 2015</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2016 and 2015</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2016 and 2015</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
<u>Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	19
<u>Item 3 Quantitative and Qualitative Disclosures About Market Risk</u>	28
<u>Item 4 Controls and Procedures</u>	29
PART II OTHER INFORMATION	
<u>Item 1—Legal Proceedings</u>	30
<u>Item 1A—Risk Factors</u>	30
	54
	3

Item 2—Unregistered Sales of Equity Securities and Use of Proceeds

Item 3—Defaults Upon Senior Securities 55

Item 4—Mine Safety Disclosures 55

Item 5—Other Information 55

Item 6—Exhibits 55

SIGNATURES 56

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

QUOTIENT TECHNOLOGY INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(Unaudited)

	June 30,	December 31,
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 131,424	\$ 134,947
Short-term investments	25,060	25,000
Accounts receivable, net of allowance for doubtful accounts of \$883 and \$833 at June 30, 2016 and December 31, 2015, respectively	61,309	63,239
Prepaid expenses and other current assets	7,826	5,297
Total current assets	225,619	228,483
Property and equipment, net	20,964	25,128
Intangible assets, net	12,791	14,880
Goodwill	43,895	43,895
Other assets	7,731	8,685
Total assets	\$311,000	\$ 321,071
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$5,789	\$ 8,187
Accrued compensation and benefits	10,931	15,237
Other current liabilities	15,943	20,170
Deferred revenues	7,162	7,342
Total current liabilities	39,825	50,936
Other non-current liabilities	263	5
Deferred rent	1,903	701
Contingent consideration related to acquisitions	687	1,407
Deferred tax liabilities	2,621	2,532
Total liabilities	45,299	55,581
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.00001 par value—10,000,000 shares authorized and no shares issued or outstanding at June 30, 2016 and December 31, 2015	—	—

Edgar Filing: Quotient Technology Inc. - Form 10-Q

Common stock, \$0.00001 par value—250,000,000 shares authorized; 93,359,957

shares issued and 83,724,705 outstanding at June 30, 2016; 89,935,381

shares issued and 81,995,286 outstanding at December 31, 2015	1	1
Additional paid-in capital	593,516	570,588
Treasury stock, at cost	(96,449)	(85,427)
Accumulated other comprehensive loss	(741)	(747)
Accumulated deficit	(230,626)	(218,925)
Total stockholders' equity	265,701	265,490
Total liabilities and stockholders' equity	\$311,000	\$ 321,071

See Accompanying Notes to Condensed Consolidated Financial Statements

QUOTIENT TECHNOLOGY INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2016	2015	June 30, 2016	2015
Revenues	\$67,247	\$55,867	\$133,298	\$111,429
Costs and expenses:				
Cost of revenues	25,162	22,122	50,374	43,989
Sales and marketing	22,741	21,834	47,241	42,918
Research and development	12,473	11,839	26,005	24,781
General and administrative	11,103	7,867	22,353	16,358
Change in fair value of contingent consideration	(966)	2,076	(1,068)	1,722
Total costs and expenses	70,513	65,738	144,905	129,768
Loss from operations	(3,266)	(9,871)	(11,607)	(18,339)
Interest expense	—	(82)	—	(162)
Other income (expense), net	(172)	40	20	(21)
Gain on sale of a right to use a web domain name	—	—	—	4,800
Loss before income taxes	(3,438)	(9,913)	(11,587)	(13,722)
Provision for (benefit from) income taxes	68	(571)	114	(379)
Net loss	\$(3,506)	\$(9,342)	\$(11,701)	\$(13,343)