

Inogen Inc
Form 10-Q
May 13, 2014

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 March 31, 2014

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: 001-36309

INOGEN, INC.

(Exact name of registrant as specified in its charter)

Delaware 33-0989359
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

326 Bollay Drive
Goleta, California 93117
(Address of principal executive offices) (Zip Code)

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(805) 562-0500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
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Common Stock, \$0.001 par value	The NASDAQ Global Select Market
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Securities registered pursuant to Section 12(g) of the Act: None

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 (§232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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.

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 April 30, 2014, the registrant had 18,192,534 shares of common stock, par value \$0.001, outstanding.

TABLE OF CONTENTS

	Page
<u>Part I – Financial Information</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	3
<u>Balance Sheets as of March 31, 2014 and December 31, 2013</u>	3
<u>Statements of Operations for the Three Months Ended March 31, 2014 and March 31, 2013</u>	5
<u>Statements of Redeemable Convertible Preferred Stock for the Three Months Ended March 31, 2014 and Year Ended December 31, 2013</u>	6
<u>Statements of Stockholders’ Equity (Deficit) for the Three Months Ended March 31, 2014 and Year-Ended December 31, 2013</u>	7
<u>Statements of Cash Flows for the Three Months ended March 31, 2014 and March 31, 2013</u>	8
<u>Condensed Notes to the Financial Statements</u>	9
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	26
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	35
Item 4. <u>Controls and Procedures</u>	36
<u>Part II – Other Information</u>	
Item 1. <u>Legal Proceedings</u>	37
Item 1A. <u>Risk Factors</u>	37
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	59
Item 6. <u>Exhibits</u>	61

INOGEN, INC.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Inogen, Inc.

Balance Sheets

(unaudited)

(amounts in thousands)

	March 31, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$59,550	\$ 13,521
Accounts receivable, net of allowances of \$3,417 and \$3,390 at March 31, 2014 and December 31, 2013, respectively	18,084	10,231
Inventories, net of allowances of \$110 and \$100 at March 31, 2014 and December 31, 2013, respectively	4,651	4,248
Deferred cost of rental revenue	283	289
Income tax receivable	—	87
Deferred tax asset-current	3,923	3,923
Prepaid expenses and other current assets	959	531
Total current assets	87,450	32,830
Property and equipment		
Rental equipment, net of allowances of \$282 and \$156 at March 31, 2014 and December 31, 2013, respectively	39,832	37,573
Manufacturing equipment and tooling	2,584	2,551
Computer equipment and software	3,228	2,973
Furniture and equipment	603	601
Leasehold improvements	888	887
Construction in process	971	1,093

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Total property and equipment	48,106	45,678
Less accumulated depreciation	(18,282)	(15,956)
Property and equipment, net	29,824	29,722
Intangible assets, net	345	215
Deferred tax asset - noncurrent	17,807	17,865
Other assets	80	1,765
Total assets	\$ 135,506	\$ 82,397

See accompanying condensed notes to the financial statements.

Inogen, Inc.

Balance Sheets (continued)

(unaudited)

(amounts in thousands, except share and per share amounts)

	March 31, 2014	December 31, 2013
Liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)		
Current liabilities		
Accounts payable and accrued expenses	\$10,411	\$9,219
Accrued payroll	3,829	2,898
Current portion of long-term debt	5,038	5,258
Warranty reserve	490	420
Deferred revenue	1,716	1,487
Income tax payable	432	—
Total current liabilities	21,916	19,282
Long-term liabilities		
Warranty reserve-noncurrent	431	389
Preferred stock warrant liability	—	260
Deferred revenue-noncurrent	1,104	776
Long-term debt, net of current portion	4,151	5,391
Total liabilities	27,602	26,098
Commitments and contingencies (Note 5)		
Redeemable convertible preferred stock		
Preferred stock, \$0.001 par value per share; 10,000,000 shares authorized; 0 and 9,541,631 shares issued and outstanding; liquidation preference of \$0 and \$136,660 at March 31, 2014 and December 31, 2013, respectively	—	118,671
Stockholders' equity (deficit)		
Preferred stock, \$0.001 par value per share; 100,000 shares authorized; 0 and 66,666 shares issued and outstanding; liquidation preference of \$0 and \$250 at March 31, 2014 and December 31, 2013, respectively	—	247
Common stock, \$0.001 par value per share; 60,000,000 shares authorized for both periods; 18,151,551 and 280,974 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively	18	1
Additional paid-in-capital	170,517	—
Accumulated deficit	(62,631)	(62,620)
Total stockholders' equity (deficit)	107,904	(62,372)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	\$135,506	\$82,397

See accompanying condensed notes to the financial statements.

Inogen, Inc.

Statements of Operations

(unaudited)

(amounts in thousands, except share and per share amounts)

	Three months ended March 31,	
	2014	2013
Revenue		
Sales revenue	\$14,857	\$8,895
Rental revenue	8,776	6,852
Total revenue	23,633	15,747
Cost of revenue		
Cost of sales revenue	7,541	5,191
Cost of rental revenue, including depreciation of \$2,257 and \$1,342, respectively	4,154	2,439
Total cost of revenue	11,695	7,630
Gross profit	11,938	8,117
Operating expenses		
Research and development	635	503
Sales and marketing	5,705	4,147
General and administrative	4,049	2,834
Total operating expenses	10,389	7,484
Income from operations	1,549	633
Other income (expense)		
Interest expense	(133)	(104)
Interest income	6	3
Decrease in fair value of preferred stock warrant liability	36	20
Other income	7	209
Total other income (expense), net	(84)	128
Income before provision for income taxes	1,465	761
Provision for income taxes	577	31
Net income	\$888	\$730
Less deemed dividend on redeemable convertible preferred stock	(987)	(1,723)
Net loss attributable to common stockholders	\$(99)	\$(993)
Basic net loss per share attributable to common stockholders	\$(0.01)	\$(3.65)
Diluted net loss per share attributable to common stockholders	\$(0.01)	\$(3.65)
Weighted-average number of shares used in calculating loss per share		
attributable to common stockholders - basic common	9,437,525	272,226
attributable to common stockholders - dilutive common	9,437,525	272,226

See accompanying condensed notes to the financial statements.

Inogen, Inc.

Statements of Redeemable Convertible Preferred Stock

(unaudited)

(amounts in thousands, except share amounts)

	Series B redeemable convertible preferred stock		Series C redeemable convertible preferred stock		Series D redeemable convertible preferred stock		Series E redeemable convertible preferred stock		Series F redeemable convertible preferred stock	Series G redeemable convertible preferred stock	Total redeemable convertible preferred stock
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
Balance, December 31, 2012	425,511	\$5,056	365,903	\$6,460	1,487,225	\$32,571	1,634,874	\$28,044			