

OOMA INC
Form 10-Q
December 10, 2015

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 October 31, 2015

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: 001-37493

Ooma, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware 06-1713274
(State or other jurisdiction (I.R.S. Employer

of incorporation or organization) Identification No.)
1880 Embarcadero Road, Palo Alto, California 94303

(Address of principal executive offices)

(650) 566-6600

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(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 (§ 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 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 December 7, 2015, there were 16,843,618 shares of the registrant's common stock outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

OOMA, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(Unaudited)

	October 31, 2015	January 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$57,285	\$9,133
Accounts receivable, net	6,247	4,394
Inventories	5,789	8,081
Deferred inventory costs	2,674	2,248
Prepaid expenses and other current assets	1,440	945
Total current assets	73,435	24,801
Property and equipment, net	3,543	2,893
Intangible assets, net	983	1,278
Goodwill	1,117	1,117
Other assets	730	1,188
Total assets	\$79,808	\$31,277
Liabilities, convertible preferred stock, and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$6,361	\$3,967
Accrued expenses	12,793	10,313
Short-term debt	679	1,562
Convertible preferred stock warrant liability	—	474
Deferred revenue	15,549	14,348
Total current liabilities	35,382	30,664
Long-term debt	118	10,398
Convertible preferred stock warrant liability - noncurrent	—	743
Other long-term liabilities	224	980
Total liabilities	35,724	42,785
Commitments and contingencies (Note 7)		
Convertible preferred stock \$0.0001 par value: no shares authorized, issued or outstanding on October 31, 2015 and 8,708,333 shares authorized and 8,353,748 shares issued and outstanding on January 31, 2015	—	33,637

Stockholders' equity (deficit):

Preferred stock \$0.0001 par value: 10,000,000 shares authorized; no shares issued and outstanding on October 31, 2015; and no shares authorized, issued and outstanding on January 31, 2015	—	—
Common stock \$0.0001 par value: 100,000,000 shares authorized; 16,791,033 shares issued and outstanding on October 31, 2015; and 13,000,000 shares authorized; 2,515,065 share issued and outstanding on January 31, 2015	2	—
Additional paid-in capital	105,707	5,611
Accumulated deficit	(61,625)	(50,756)
Total stockholders' equity (deficit)	44,084	(45,145)
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	\$79,808	\$31,277

See notes to condensed consolidated financial statements

OOMA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
Revenue:				
Subscription and services	\$19,470	\$14,316	\$52,495	\$37,904
Product and other	4,006	3,971	11,969	13,383
Total revenue	23,476	18,287	64,464	51,287
Cost of revenue:				
Subscription and services	6,715	4,830	18,649	13,052
Product and other	4,277	4,065	12,067	12,610
Total cost of revenue	10,992	8,895	30,716	25,662
Gross profit	12,484	9,392	33,748	25,625
Operating expenses:				
Sales and marketing	7,539	5,958	20,247	15,518
Research and development	4,948	3,365	13,329	8,596
General and administrative	3,499	1,565	9,666	3,783
Total operating expenses	15,986	10,888	43,242	27,897
Loss from operations	(3,502)	(1,496)	(9,494)	(2,272)
Other (expense) income:				
Interest expense, net	(10)	(61)	(902)	(165)
Change in fair value of warrants	—	(151)	(442)	(366)
Other (expense) income, net	(19)	(11)	(31)	(20)
Loss before income taxes	(3,531)	(1,719)	(10,869)	(2,823)
Income tax benefit	—	—	—	502
Net loss	\$(3,531)	\$(1,719)	\$(10,869)	\$(2,321)
Net loss per share of common stock:				
Basic and diluted	\$(0.21)	\$(0.72)	\$(1.38)	\$(1.04)
Weighted-average number of shares used in per				
share amounts:				
Basic and diluted	16,703,852	2,379,125	7,875,761	2,221,414

See notes to condensed consolidated financial statements

OOMA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended	
	October 31,	October 31,
	2015	2014
Cash flows from operating activities:		
Net loss	\$(10,869)	\$ (2,321)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	2,725	171
Depreciation and amortization	1,046	644
Amortization of intangible assets	295	