

COUPONS.com Inc
Form 10-Q
August 13, 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 June 30, 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: 001-36331

Coupons.com Incorporated

(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)

(650) 605-4600

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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 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 7, 2015, the registrant had 83,239,098 shares of common stock outstanding.

COUPONS.COM INCORPORATED

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REPORT ON FORM 10-Q

FOR THE QUARTER ENDED June 30, 2015

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

COUPONS.COM INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(Unaudited)

	June 30,	December 31,
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$210,035	\$ 201,075
Accounts receivable, net of allowance for doubtful accounts of \$245 and \$408 at June 30, 2015 and December 31, 2014, respectively	48,846	51,061
Prefunded coupons cash deposits	642	740
Deferred tax assets	427	457
Prepaid expenses and other current assets	4,677	2,972
Total current assets	264,627	256,305
Property and equipment, net	25,952	25,399
Intangible assets, net	10,352	11,818
Goodwill	29,284	29,277
Other assets	8,398	9,008
Total assets	\$338,613	\$ 331,807
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$10,098	\$ 6,358
Accrued compensation and benefits	9,467	14,861
Other current liabilities	17,879	15,790
Prefunded coupons cash obligations	642	740
Deferred revenues	6,992	6,219
Debt obligation	7,500	7,500
Total current liabilities	52,578	51,468
Other non-current liabilities	56	89
Deferred rent	806	738
Deferred tax liabilities	2,070	2,624
Total liabilities	55,510	54,919
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, 2015 and December 31, 2014

Common stock, \$0.00001 par value—250,000,000 shares authorized; 88,375,594 shares

issued and 83,318,189 outstanding at June 30, 2015; 86,224,920 shares issued

and 81,380,014 outstanding at December 31, 2014

Additional paid-in capital	1	1
Treasury stock, at cost	552,675	531,018
Accumulated other comprehensive loss	(64,017)	(61,935)
Accumulated deficit	(18)	(1)
Total stockholders' equity	(205,538)	(192,195)
Total liabilities and stockholders' equity	283,103	276,888
	\$338,613	\$ 331,807

See Accompanying Notes to Condensed Consolidated Financial Statements

COUPONS.COM INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Revenues	\$55,867	\$51,715	\$111,429	\$103,216
Costs and expenses:				
Cost of revenues	22,122	20,884	43,989	41,403
Sales and marketing	21,834	17,621	42,918	37,132
Research and development	11,839	10,981	24,781	27,248
General and administrative	7,867	8,857	16,358	17,907
Change in fair value of contingent consideration	2,076	—	1,722	—
Total costs and expenses	65,738	58,343	129,768	123,690
Loss from operations	(9,871)	(6,628)	(18,339)	(20,474)
Interest expense	(82)	(300)	(162)	(602)
Gain on sale of a right to use a web domain name	—	—	4,800	—
Other income (expense), net	40	31	(21)	(107)
Loss before income taxes	(9,913)	(6,897)	(13,722)	(21,183)
Benefit from income taxes	(571)	—	(379)	(244)
Net loss	\$(9,342)	\$(6,897)	\$(13,343)	\$(20,939)
Net loss per share attributable to common stockholders, basic				
and diluted	\$(0.11)	\$(0.09)	\$(0.16)	\$(0.37)
Weighted-average number of common shares used in computing				
net loss per share attributable to common stockholders, basic				
and diluted	82,980	77,549	82,575	56,161

See Accompanying Notes to Condensed Consolidated Financial Statements

COUPONS.COM INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2015	2014	June 30, 2015	2014
Net loss	\$(9,342)	\$(6,897)	\$(13,343)	\$(20,939)
Other comprehensive income (loss):				
Foreign currency translation adjustments	48	33	(17)	45
Comprehensive loss	\$(9,294)	\$(6,864)	\$(13,360)	\$(20,894)

See Accompanying Notes to Condensed Consolidated Financial Statements

COUPONS.COM INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Six Months Ended	
	June 30, 2015	2014
Cash flows from operating activities:		
Net loss	\$(13,343)	\$(20,939)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	7,780	6,822
Stock-based compensation	17,439	21,253
Accretion of debt discount	—	113
Amortization of debt issuance costs	38	38
Gain on sale of a right to use a web domain name	(4,800)	—
Allowance for doubtful accounts	(34)	79
Deferred income taxes	(525)	(244)
Change in fair value of contingent consideration	1,722	—
Changes in operating assets and liabilities:		
Accounts receivable	2,255	(1,755)
Prepaid expenses and other current assets	(1,213)	224
Accounts payable and other current liabilities	1,356	2,494
Accrued compensation and benefits	(5,391)	(3,298)
Deferred revenues	764	957
Other	2	313
Net cash provided by operating activities	6,050	6,057
Cash flows from investing activities:		
Purchases of property and equipment	(3,961)	(4,970)
Acquisitions, net of acquired cash	—	859
Purchase of intangible assets	(35)	(16)
Proceeds from sale of a right to use a web domain name	4,800	