

OOMA INC
Form 10-Q
December 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 October 31, 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: 001-37493

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 November 30, 2016, there were 17,896,570 shares of the registrant's common stock outstanding.

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited):</u>	4
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Operations</u>	5
<u>Condensed Consolidated Statements of Comprehensive Loss</u>	6
<u>Condensed Consolidated Statements of Cash Flows</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	8
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	32
Item 4. <u>Controls and Procedures</u>	32
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	33
Item 1A. <u>Risk Factors</u>	34
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	62
Item 3. <u>Default Upon Senior Securities</u>	62
Item 4. <u>Mine Safety Disclosures</u>	62
Item 5. <u>Other Information</u>	62
Item 6. <u>Exhibits</u>	62
<u>Signatures</u>	64

AVAILABLE INFORMATION

Ooma, Inc. is required to file current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission (the "SEC"). You may read and copy any document Ooma files with the SEC at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet website at <http://www.sec.gov>, from which interested persons can electronically access Ooma's SEC filings.

Ooma provides its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, Forms 3, 4 and 5 filed by or on behalf of directors, executive officers and certain large shareholders, and any amendments to those documents filed or furnished pursuant to the Exchange Act free of charge on the Investor Relations section of its website located at <http://investors.ooma.com>. These filings will become available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. From time to time Ooma may use its website as a channel of distribution of material company information.

Ooma also makes available, in the Investor Relations section of its website and will provide print copies to shareholders upon request, (i) its corporate governance guidelines, (ii) its code of business conduct and ethics, and (iii) the charters of the audit, compensation, and nominating and corporate governance committees of its board of directors. These documents, as well as the information on the website, are not intended to be part of this quarterly report on Form 10-Q (the "Quarterly Report"). Ooma also uses the Investor Relations section of its website as a means of complying with its disclosure obligations under Regulation FD. Accordingly, you should monitor Ooma's Investor Relations section of its website in addition to following Ooma's press releases, SEC filings, and public conference calls and webcasts.

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, 2016	January 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$6,308	\$27,413
Short-term investments	47,054	27,991
Accounts receivable, net	4,866	5,609
Inventories	4,592	5,011
Deferred inventory costs	1,443	2,013
Prepaid expenses and other current assets	2,033	1,318
Total current assets	66,296	69,355
Property and equipment, net	4,212	4,291
Intangible assets, net	620	885
Goodwill	1,117	1,117
Other assets	303	888
Total assets	\$72,548	\$76,536
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$4,778	\$4,786
Accrued expenses	11,972	13,010
Short-term capital lease	—	632
Deferred revenue	14,899	15,036
Total current liabilities	31,649	33,464
Other liabilities	543	182
Total liabilities	32,192	33,646
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock \$0.0001 par value: 100,000,000 shares authorized; no shares issued and outstanding on October 31, 2016 and January 31, 2016, respectively.	—	—
Common stock \$0.0001 par value: 100,000,000 shares authorized; 17,892,367 and 16,916,250 shares issued and outstanding on October 31, 2016 and January 31, 2016,	2	2

respectively.

Additional paid-in capital	115,314	107,679
Accumulated other comprehensive income	18	17
Accumulated deficit	(74,978)	(64,808)
Total stockholders' equity	40,356	42,890
Total liabilities and stockholders' equity	\$72,548	\$76,536

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,	October 31,	October 31,	October 31,
	2016	2015	2016	2015
Revenue:				
Subscription and services	\$23,179	\$19,470	\$67,086	\$52,495
Product and other	3,828	4,006	9,874	11,969
Total revenue	27,007	23,476	76,960	64,464
Cost of revenue:				
Subscription and services	7,388	6,715	22,103	18,649
Product and other	4,276	4,277	11,316	12,067
Total cost of revenue	11,664	10,992	33,419	30,716
Gross profit	15,343	12,484	43,541	33,748
Operating expenses:				
Sales and marketing	8,302	7,539	24,975	20,247
Research and development	6,244	4,948	17,824	13,329
General and administrative	3,705	3,499	11,105	9,666
Total operating expenses	18,251	15,986	53,904	43,242
Loss from operations	(2,908)	(3,502)	(10,363)	(9,494)
Other income (expense):				
Interest income (expense), net	95	(10)	259	(902)
Change in fair value of warrants	—	—	—	(442)
Other expense, net	(8)	(19)	(13)	(31)
Net loss	\$(2,821)	\$(3,531)	\$(10,117)	\$(10,869)
Net loss per share of common stock:				
Basic and diluted	\$(0.16)	\$(0.21)	\$(0.58)	\$(1.38)
Weighted-average number of shares used in per share amounts:				
Basic and diluted	17,648,251	16,703,852	17,337,682	7,875,761

See notes to condensed consolidated financial statements

OOMA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Amounts in thousands)

(Unaudited)

	Three Months		Nine Months Ended	
	Ended	October	October	October
	October	October	October	October
	31,	31,	31,	31,
	2016	2015	2016	2015
Net loss	\$(2,821)	\$(3,531)	\$(10,117)	\$(10,869)
Other comprehensive (loss) income				
Unrealized (loss) gain on short-term investments, net	(24)	—	1	—
Comprehensive loss	\$(2,845)	\$(3,531)	\$(10,116)	\$(10,869)

See notes to condensed consolidated financial statements

OOMA, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

Nine Months
Ended
October October
31, 31,
2016 2015

Cash flows from operating activities: