

Carbonite Inc  
Form 10-Q  
August 03, 2012  
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**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 June 30, 2012

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: 001-35264

**CARBONITE, INC.**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>33-1111329</b> (I.R.S. Employer Identification No.)
<b>177 Huntington Avenue</b>	
<b>Boston, Massachusetts</b> (Address of principal executive offices)	<b>02115</b> (Zip Code)
<b>(617) 587-1000</b>	
<b>(Registrant's telephone number, including area code)</b>	

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 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. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 1, 2012, there were 25,624,195 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

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**Table of Contents****PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Carbonite, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)**

(In thousands, except share and per share amounts)	June 30, 2012	December 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 56,981	\$ 59,842
Marketable securities	8,744	12,684
Accounts receivable, net of allowance	998	944
Prepaid expenses and other current assets	1,716	1,730
<b>Total current assets</b>	<b>68,439</b>	<b>75,200</b>
Property and equipment, net	25,108	21,648
Other assets	180	189
Restricted cash	500	
Acquired intangible assets, net	922	1,055
Goodwill	1,514	1,514
<b>Total assets</b>	<b>\$ 96,663</b>	<b>\$ 99,606</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 5,463	\$ 6,858
Accrued expenses	6,119	4,999
Current portion of deferred revenue	52,296	44,505
<b>Total current liabilities</b>	<b>63,878</b>	<b>56,362</b>
Deferred revenue, net of current portion	15,231	15,191
Other long-term liabilities	598	451
<b>Total liabilities</b>	<b>79,707</b>	<b>72,004</b>
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 6,000,000 shares authorized; no shares issued		
Common stock, \$0.01 par value; 45,000,000 shares authorized; 25,611,820 and 25,137,342 outstanding at June 30, 2012 and December 31, 2011, respectively	256	251
Additional paid-in capital	130,495	127,807
Accumulated deficit	(113,784)	(100,437)
Treasury stock, at cost (2,009 shares)	(22)	(22)
Accumulated other comprehensive income	11	3
<b>Total stockholders' equity</b>	<b>16,956</b>	<b>27,602</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 96,663</b>	<b>\$ 99,606</b>

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*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**Table of Contents****Carbonite, Inc.****Condensed Consolidated Statements of Operations****(Unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
(In thousands, except share and per share amounts)				
Revenue	\$ 20,247	\$ 14,399	\$ 38,794	\$ 27,242
Cost of revenue	6,994	5,646	13,779	10,311
Gross profit	13,253	8,753	25,015	16,931
Operating expenses:				
Research and development	5,029	4,259	9,869	7,710
General and administrative	2,377	1,558	4,613	2,878
Sales and marketing	10,070	7,598	22,685	16,358
Lease exit charge			1,174	
Total operating expenses	17,476	13,415	38,341	26,946
Loss from operations	(4,223)	(4,662)	(13,326)	(10,015)
Interest and other income, net	2	10	(1)	26
Loss before income taxes	(4,221)	(4,652)	(13,327)	(9,989)
Provision for income taxes	(10)		(20)	
Net loss	(4,231)	(4,652)	(13,347)	(9,989)
Accretion of redeemable convertible preferred stock		(52)		(105)
Net loss attributable to common stockholders	\$ (4,231)	\$ (4,704)	\$ (13,347)	\$ (10,094)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.17)	\$ (0.93)	\$ (0.53)	\$ (2.02)
Weighted-average number of common shares used in computing basic and diluted net loss per share	25,448,791	5,084,820	25,337,653	5,009,565

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**Table of Contents****Carbonite, Inc.****Condensed Consolidated Statements of Comprehensive Loss****(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
(In thousands)				
Net loss	\$ (4,231)	\$ (4,652)	\$ (13,347)	\$ (9,989)
Other comprehensive income:				
Net unrealized gains on marketable securities	2		3	
Foreign currency translation adjustments	1	2	5	3
Total other comprehensive income	3	2	8	3
Total comprehensive loss	\$ (4,228)	\$ (4,650)	\$ (13,339)	\$ (9,986)

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**Table of Contents****Carbonite, Inc.****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2012</b>	<b>2011</b>
(In thousands)		
<b>Operating activities</b>		
Net loss	\$ (13,347)	\$ (9,989)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	5,090	3,538
Amortization of premium on marketable securities	120	
Stock-based compensation expense	1,959	552
Provision for bad debt	42	2
Non-cash lease exit charge	1,017	
Re-measurement of preferred stock warrant liability		19
Changes in assets and liabilities, net of acquisition:		
Accounts receivable	(96)	(106)
Prepaid expenses and other current assets	47	(757)
Other assets	9	(1,412)
Accounts payable	(1,395)	