

SPLUNK INC
Form 10-Q
September 13, 2012
Table of Contents

**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 JULY 31, 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 001-35498

SPLUNK INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

86-1106510
(I.R.S. Employer
Identification No.)

250 Brannan Street
San Francisco, California 94107

(Address of principal executive offices)

(Zip Code)

(415) 848-8400

(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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Edgar Filing: SPLUNK INC - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

There were 96,764,673 shares of the registrant's Common Stock issued and outstanding as of September 7, 2012.

Table of Contents

TABLE OF CONTENTS

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	1
<u>Condensed Consolidated Balance Sheets as of July 31, 2012 and January 31, 2012</u>	1
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended July 31, 2012 and 2011</u>	2
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended July 31, 2012 and 2011</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the Three and Six Months Ended July 31, 2012 and 2011</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	14
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	26
<u>Item 4. Controls and Procedures</u>	27
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	28
<u>Item 1A. Risk Factors</u>	28
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	49
<u>Item 6. Exhibits</u>	49
<u>Signatures</u>	50

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Splunk Inc.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share amounts)****(Unaudited)**

	July 31, 2012	January 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 268,278	\$ 31,599
Accounts receivable, net	33,681	34,495
Prepaid expenses and other current assets	4,807	4,261
Total current assets	306,766	70,355
Restricted cash	514	514
Property and equipment, net	10,316	8,919
Other assets	1,060	2,435
Total assets	\$ 318,656	\$ 82,223
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 1,844	\$ 1,455
Accrued payroll and compensation	18,705	16,142
Accrued expenses and other liabilities	5,291	7,711
Deferred revenue, current portion	54,145	42,923
Term debt, current portion		982
Total current liabilities	79,985	69,213
Deferred revenue, non-current	13,523	9,742
Preferred stock warrant liability		2,133
Other liabilities, non-current	376	561
Term debt, non-current		1,307
Total non-current liabilities	13,899	13,743
Total liabilities	93,884	82,956
Commitments and contingencies (Note 4)		

Edgar Filing: SPLUNK INC - Form 10-Q

Convertible preferred stock			
Convertible preferred stock, \$0.001 par value; no shares authorized, issued or outstanding at July 31, 2012, and 57,904,560 shares authorized; 56,930,194 shares issued and outstanding at January 31, 2012			40,913
Stockholders' equity (deficit):			
Preferred stock: \$0.001 par value; 20,000,000 shares authorized; no shares issued or outstanding at July 31, 2012; and no shares authorized, issued or outstanding at January 31, 2012			
Common stock: \$0.001 par value; 1,000,000,000 shares authorized; 96,731,506 shares issued and outstanding at July 31, 2012, and 106,511,960 shares authorized; 23,092,407 shares issued and outstanding at January 31, 2012	97		23
Accumulated other comprehensive loss	(36)		(24)
Additional paid-in capital	303,774		12,373
Accumulated deficit	(79,063)		(54,018)
Total stockholders' equity (deficit)	224,772		(41,646)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	\$	318,656	\$ 82,223

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

Table of Contents

Splunk Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2012	2011	2012	2011
Revenues				