

InvenSense Inc
Form 10-Q
February 14, 2012
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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 January 1, 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 001-35269

INVENSENSE, INC.

(Exact name of registrant as specified in its charter)

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<p>Delaware (State or other jurisdiction of Incorporation or organization)</p>	<p>01-0789977 (I.R.S. Employer Identification No.)</p>
<p>1197 Borregas Avenue Sunnyvale, CA 94089</p> <p>(Address of principal executive offices and zip code)</p> <p>(408) 988-7339</p> <p>(Registrant's telephone number, including area code)</p>	

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 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 <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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding at January 29, 2012
Common Stock, \$0.001 par value	80,133,355

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INVENSENSE, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value)

	January 1, 2012	April 3, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 130,127	\$ 28,795
Short-term investments	9,516	9,280
Accounts receivable	10,245	9,765
Inventories	16,059	15,208
Prepaid expenses and other current assets	2,930	2,249
Total current assets	168,877	65,297
Property and equipment, net	3,912	3,492
Restricted time deposit	188	194
Other assets	3,135	1,763
Total assets	\$ 176,112	\$ 70,746
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 4,594	\$ 6,687
Accrued liabilities	6,944	4,307
Long-term debt - current portion	27	18
Total current liabilities	11,565	11,012
Long-term debt	29	16
Other long-term liabilities	2,690	577
Total liabilities	14,284	11,605
Commitments and contingencies (note 5)		
Stockholders' equity:		
Preferred stock:		
Preferred stock, \$0.001 par value - 20,000 shares authorized, no shares issued and outstanding at January 1, 2012, no shares authorized, issued and outstanding at April 3, 2011		
Convertible preferred stock:		
Series A convertible preferred stock, \$0.001 par value - no shares authorized, issued and outstanding at January 1, 2012, 8,060 shares authorized and 8,000 shares issued and outstanding (aggregate liquidation value of \$8,000) at April 3, 2011		9,019
Series B convertible preferred stock, \$0.001 par value - no shares authorized, issued and outstanding at January 1, 2012, 6,566 shares authorized and 5,920 shares issued and outstanding (aggregate liquidation value of \$11,000) at April 3, 2011		22,341
Series C convertible preferred stock, \$0.001 par value - no shares authorized, issued and outstanding at January 1, 2012, 15,510 shares authorized and 15,510 shares issued and outstanding (aggregate liquidation value of \$19,000), at		18,881

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April 3, 2011

Common stock:

Common stock, \$0.001 par value	750,000 shares authorized, 79,441 shares issued and outstanding at January 1, 2012, 82,000 shares authorized, and 18,005 shares issued and outstanding at April 3, 2011	127,631	5,762
Accumulated other comprehensive income		5	1
Retained earnings		34,192	3,137
Total stockholders' equity		161,828	59,141
Total liabilities and stockholders' equity		\$ 176,112	\$ 70,746

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

Table of Contents**INVENSENSE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(In thousands, except per share amounts)**

	Three Months Ended		Nine Months Ended	
	January 1, 2012	December 26, 2010	January 1, 2012	December 26, 2010
Net revenue	\$ 41,229	\$ 27,170	\$ 119,890	\$ 72,695
Cost of revenue	18,538	11,827	52,919	33,014
Gross profit	22,691	15,343	66,971	39,681
Operating expenses:				
Research and development	4,758	3,792	14,099	11,380
Selling, general and administrative	4,427	4,863	12,836	11,478
Total operating expenses	9,185	8,655	26,935	22,858
Income from operations	13,506	6,688	40,036	16,823
Other income (expense):				
Change in fair value of warrant liabilities				(4,025)
Other income (expense), net	(43)	(16)	166	(1)
Other income (expense) net	(43)	(16)	166	(4,026)
Income before income taxes	13,463	6,672	40,202	12,797
Income tax provision	2,887	1,955	9,147	5,998
Net income	10,576	4,717	31,055	6,799
Net income allocable to preferred stockholders	5,157	3,684	20,618	5,631
Net income per share attributable to common stockholders	\$ 5,419	\$ 1,033	\$ 10,437	\$ 1,168
Basic	\$ 0.11	\$ 0.06	\$ 0.36	\$ 0.07
Diluted	\$ 0.10	\$ 0.05	\$ 0.34	\$ 0.06
Weighted average shares outstanding in computing net income per share attributable to common stockholders:				
Basic	49,890	17,815	28,770	17,575
Diluted	55,294	22,281	33,591	22,144
Pro forma net income per share of common stock:				
Basic	\$ 0.14	\$ 0.07	\$ 0.44	\$ 0.10
Diluted	\$ 0.13	\$ 0.06	\$ 0.41	\$ 0.09
Weighted average shares outstanding pro forma:				
Basic	74,541	68,126	70,976	67,886
Diluted	80,387	74,143	76,679	74,021

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

Table of Contents**INVENSENSE, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(In thousands)**

	Nine Months Ended	
	January 1, 2012	December 26, 2010
Cash flows from operating activities:		
Net income	\$ 31,055	\$ 6,799
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,465	1,329
Loss (gain) on disposal of property and equipment	(160)	74
Stock-based compensation expense	2,507	1,642
Change in fair value of warrant liability		4,025
Deferred income tax assets	175	393
Write-off of deferred offering costs		1,388
Changes in operating assets and liabilities:		
Accounts receivable	(536)	(4,661)
Inventories	(851)	(6,571)
Prepaid expenses and other current assets	(585)	341
Other assets	(1,603)	(358)
Accounts payable	(2,297)	(1,707)
Accrued liabilities	4,393	2,215
Advances from customer		(16)
 Net cash provided by operating activities	 33,563	