

EMBARCADERO TECHNOLOGIES INC
Form 10-Q
May 12, 2003
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2003.

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 000-30293

EMBARCADERO TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

68-0310015
(I.R.S. Employer
Identification No.)

425 MARKET STREET, SUITE 425
SAN FRANCISCO, CA 94105
(415) 834-3131
(Address of principal executive offices)

Indicate by check mark whether the registrant (1) 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 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

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The number of shares outstanding of the Registrant's Common Stock as of March 31, 2003 was 26,484,323.

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EMBARCADERO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except par value)

(unaudited)

	March 31, 2003	December 31, 2002
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$25,591	\$ 15,870
Short-term investments	20,050	27,893
Trade accounts receivable, net	6,340	7,539
Prepaid expenses and other current assets	1,470	1,532
Deferred income taxes	489	489
	<u> </u>	<u> </u>
Total current assets	53,940	53,323
Property and equipment, net	3,486	3,587
Goodwill	10,337	10,337
Other intangible assets, net	1,298	1,500
Deferred income taxes	2,840	2,840
Other assets	4,867	5,128
	<u> </u>	<u> </u>
Total assets	<u>\$76,768</u>	<u>\$ 76,715</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	\$549	\$ 379
Accrued liabilities	3,064	3,431
Deferred revenue	11,101	10,705
	<u> </u>	<u> </u>
Total current liabilities	14,714	14,515
	<u> </u>	<u> </u>
Stockholders Equity:		
Common stock, \$0.001 par value	27	27
Treasury stock	(6,287)	(5,116)
Additional paid-in capital	75,859	75,858
Accumulated other comprehensive income	54	184
Deferred stock-based compensation	(340)	(598)
Accumulated deficit	(7,259)	(8,155)
	<u> </u>	<u> </u>
Total stockholders equity	62,054	62,200
	<u> </u>	<u> </u>
Total liabilities and stockholders equity	<u>\$76,768</u>	<u>\$ 76,715</u>

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

Table of Contents**EMBARCADERO TECHNOLOGIES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(in thousands, except per share data)****(unaudited)**

	Three Months Ended	
	March 31,	
	2003	2002
	<hr/>	<hr/>
Revenues:		
License	\$ 6,347	\$ 7,096
Maintenance	5,861	5,406
	<hr/>	<hr/>
Total revenues	12,208	12,502
Cost of revenues:		
License	100	129
Amortization of acquired technology	555	269
Maintenance	588	626
	<hr/>	<hr/>
Total cost of revenues	1,243	1,024
	<hr/>	<hr/>
Gross profit	10,965	11,478
	<hr/>	<hr/>
Operating expenses:		
Research and development	3,790	3,730
Sales and marketing	4,895	4,875
General and administrative	1,302	1,341
Amortization of other intangible assets		385
	<hr/>	<hr/>
Total operating expenses	9,987	10,331
	<hr/>	<hr/>
Income from operations	978	1,147
Other income, net	126	176
	<hr/>	<hr/>
Income before provision for income taxes and share in loss of joint venture	1,104	1,323
Provision for income taxes	(208)	(370)
	<hr/>	<hr/>
Income before share in loss of joint venture	896	953
Share in loss of joint venture, net		(300)
	<hr/>	<hr/>
Net income	\$ 896	\$ 653
	<hr/>	<hr/>
Net income per share:		
Basic	\$ 0.03	\$ 0.02
	<hr/>	<hr/>
Diluted	\$ 0.03	\$ 0.02
	<hr/>	<hr/>

Weighted average shares used in per share calculation:

Basic	26,652	27,132
	<hr/>	<hr/>
Diluted	28,255	29,639
	<hr/>	<hr/>
Non-cash stock-based compensation included in the above expenses:		
Cost of revenues	\$ 3	\$ 1
Research and development	3	13
Sales and marketing	105	250
General and administrative	150	417
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	\$ 258	\$ 681
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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EMBARCADERO TECHNOLOGIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Three Months Ended	
	March 31,	
	2003	2002
	<hr/>	<hr/>
Cash Flows from Operating Activities:		
Net income	\$ 896	\$ 653
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	535	481
Provision for (recovery of) doubtful accounts	(47)	143
Amortization of developed technology	572	314
Amortization of other intangible assets		385
Amortization of deferred stock-based compensation	258	681
Share in loss of joint venture, net		300
Changes in assets and liabilities:		
Trade accounts receivable	1,218	(1,203)
Prepaid expenses and other assets	59	19
Accounts payable and accrued liabilities	(191)	144
Deferred revenue	426	630
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