

CONTROL4 CORP
Form 10-Q
August 05, 2016
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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, 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 001-36017

Control4 Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization) 42-1583209
(I.R.S. Employer Identification No.)

11734 S. Election Road
Salt Lake City, Utah 84020
(Address of principal executive offices) (Zip Code)

(801) 523-3100
(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 definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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(do not check if a 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

On July 29, 2016, 23,300,047 shares of the registrant's Common Stock, \$0.0001 par value, were outstanding.

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PART I — Financial Information

ITEM 1. Condensed Consolidated Financial Statements

CONTROL4 CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 22,807	\$ 29,530
Restricted cash	268	296
Short-term investments	20,780	37,761
Accounts receivable, net	22,982	21,322
Inventories	32,775	19,855
Prepaid expenses and other current assets	3,395	3,842
Total current assets	103,007	112,606
Property and equipment, net	6,564	6,584
Long-term investments	5,010	13,716
Intangible assets, net	25,633	4,547
Goodwill	16,615	2,760
Other assets	2,097	1,650
Total assets	\$ 158,926	\$ 141,863
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 19,484	\$ 17,588

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Accrued liabilities	7,733	5,880
Deferred revenue	1,303	1,099
Current portion of notes payable	441	727
Total current liabilities	28,961	25,294
Revolving credit line	5,000	—
Notes payable	85	186
Other long-term liabilities	805	938
Total liabilities	34,851	26,418
Commitments and contingencies (Note 11)	—	—
Stockholders' equity:		
Common stock, \$0.0001 par value; 500,000,000 shares authorized; 24,753,839 and 24,590,768 shares issued; 23,171,713 and 23,436,288 shares outstanding at June 30, 2016 and December 31, 2015, respectively	2	2
Treasury stock, at cost; 1,582,126 and 1,154,480 shares at June 30, 2016 and December 31, 2015, respectively	(12,262)	(9,020)
Additional paid-in capital	225,396	220,782
Accumulated deficit	(88,417)	(95,580)
Accumulated other comprehensive loss	(644)	(739)
Total stockholders' equity	124,075	115,445
Total liabilities and stockholders' equity	\$ 158,926	\$ 141,863

See accompanying notes to condensed consolidated financial statements (unaudited).

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
	(unaudited)		(unaudited)	
Revenue	\$ 53,215	\$ 44,641	\$ 96,250	\$ 76,724
Cost of revenue	27,188	22,312	49,737	38,784
Gross margin	26,027	22,329	46,513	37,940
Operating expenses:				
Research and development	9,039	8,122	17,518	16,117
Sales and marketing	11,114	7,812	21,249	15,179
General and administrative	5,059	4,288	9,872	8,909
Litigation settlement	—	—	400	—
Total operating expenses	25,212	20,222	49,039	40,205
Income (loss) from operations	815	2,107	(2,526)	(2,265)
Other income (expense), net:				
Interest, net	—	42	5	63
Other income (expense), net:	(122)	70	(217)	(340)
Total other income (expense), net	(122)	112	(212)	(277)
Income (loss) before income taxes	693	2,219	(2,738)	(2,542)
Income tax expense (benefit)	169			