

PROS Holdings, Inc.
Form 10-Q
November 01, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 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: 001-33554

PROS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

76-0168604

(State or Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification No.)

3100 Main Street, Suite 900 Houston TX
(Address of Principal Executive Offices)

77002
(Zip Code)

(713)-335-5151

Registrant's telephone number, including area code

(Former Name, Former Address and Former Fiscal Year, if changed Since Last Report)

Indicate by check mark whether 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 smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large Accelerated Filer ☐ Accelerated Filer ☒ x

Non-Accelerated Filer ☐ (do not check if a smaller reporting company) Smaller Reporting Company ☐ o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒ x

The number of shares outstanding of the Registrant's Common Stock, \$0.001 par value, was 27,457,781 as of October 29, 2012.

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For the Quarterly Period Ended September 30, 2012

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements relate to future events or our future financial performance. These forward-looking statements regarding future events and our future results are based on current expectations, estimates, forecasts and projections, and the beliefs and assumptions of our management including, without limitation, our expectations regarding the following: the sales of our software products and services; the impact of our revenue recognition policies; our belief that our current assets, including cash, cash equivalents, and expected cash flows from operating activities, will be sufficient to fund our operations; our anticipated additions to property, plant and equipment; our belief that our facilities are suitable and adequate to meet our current operating needs; our belief that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. Words such as “we expect,” “anticipate,” “target,” “project,” “believe,” “goals,” “estimate,” “potential,” “predict,” “may,” “might,” “could,” “intend,” and variations of these types of words similar expressions are intended to identify these forward-looking statements.

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PART I. Financial Information

ITEM 1. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PROS Holdings, Inc.

Condensed Consolidated Balance Sheets

(In thousands, except share amounts)

(Unaudited)

	September 30, 2012	December 31, 2011
Assets:		
Current assets:		
Cash and cash equivalents	\$72,644	\$68,457
Accounts and unbilled receivables, net of allowance of \$860 and \$1,130, respectively	46,953	33,864
Prepaid and other current assets	4,816	8,353
Total current assets	124,413	110,674
Restricted cash	329	329
Property and equipment, net	10,698	4,703
Other long term assets, net	5,708	5,553
Total assets	\$141,148	\$121,259
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	\$5,931	\$4,915
Accrued liabilities	3,881	1,667
Accrued payroll and other employee benefits	5,913	4,790
Deferred revenue	37,957	33,094
Total current liabilities	53,682	44,466
Long-term deferred revenue	2,774	2,850
Total liabilities	56,456	47,316
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000,000 shares authorized none issued	—	—
Common stock, \$0.001 par value, 75,000,000 shares authorized; 31,872,766 and 31,432,430 shares issued, respectively; 27,455,181 and 27,014,845 shares outstanding, respectively	32	31
Additional paid-in capital	85,139	77,934
Treasury stock, 4,417,585 common shares, at cost	(13,938)	(13,938)
Accumulated other comprehensive loss	(11)	(11)
Retained earnings	13,470	9,927
Total stockholders' equity	84,692	73,943
Total liabilities and stockholders' equity	\$141,148	\$121,259

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

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PROS Holdings, Inc.

Condensed Consolidated Statements of Comprehensive Income

(In thousands, except share and per share data)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue:				
License and implementation	\$19,494	\$16,560	\$55,466	\$45,435
Maintenance and support	10,419	8,648	29,602	24,964
Total revenue	29,913	25,208	85,068	70,399
Cost of revenue:				
License and implementation	6,547	4,755	18,090	14,221
Maintenance and support	2,122	1,578	6,017	4,931
Total cost of revenue	8,669	6,333	24,107	19,152
Gross profit	21,244	18,875	60,961	51,247
Operating expenses:				
Selling, marketing, general and administrative	12,383	9,352	34,524	26,320
Research and development	7,049	6,843	20,518	18,952
Income from operations	1,812	2,680	5,919	5,975
Other (expense) income, net	(15) (90) (121) (33
Income before income tax provision	1,797	2,590	5,798	5,942
Income tax provision	441	658	2,256	1,713