

A10 Networks, Inc.
Form 10-Q
November 06, 2015

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 September 30, 2015

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: 001-36343

A10 NETWORKS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

20-1446869
(I.R.S. Employer
Identification No.)

3 West Plumeria Drive
San Jose, California
(Address of Principal Executive Offices)

95134
(Zip Code)

(408) 325-8668
(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 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

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

As of October 30, 2015 the number of outstanding shares of the registrant's common stock, par value \$0.00001 per share, was 63,335,758.

A10 Networks, Inc.
Quarterly Report on Form 10-Q
For the Three And Nine Months Ended September 30, 2015

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A10 NETWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in thousands, except par value)

	September 30, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 100,524	\$ 91,905
Accounts receivable, net of allowances of \$3,227 and \$3,246 as of September 30, 2015 and December 31, 2014	41,492	54,003
Inventory	17,566	20,701
Prepaid expenses and other current assets	4,918	4,732
Total current assets	164,500	171,341
Property and equipment, net	9,087	10,780
Other long-term assets	4,372	4,859
Total Assets	\$ 177,959	\$ 186,980
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 8,182	\$ 8,994
Accrued liabilities	20,960	22,435
Deferred revenue, current	44,352	39,256
Total current liabilities	73,494	70,685
Deferred revenue, non-current	21,986	17,964
Other non-current liabilities	1,541	1,766
Total Liabilities	97,021	90,415
Commitments and contingencies (Note 5)		
Stockholders' Equity:		
Common stock, par value \$0.00001 — 500,000 shares authorized as of September 30, 2015 and December 31, 2014; 63,244 and 61,377 shares issued and outstanding as of 1 September 30, 2015 and December 31, 2014	1	1
Additional paid-in capital	295,400	278,349
Accumulated deficit	(214,463) (181,785)
Total Stockholders' Equity	80,938	96,565
Total Liabilities And Stockholders' Equity	\$ 177,959	\$ 186,980

See accompanying notes to the condensed consolidated financial statements.

A10 NETWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenue:				
Products	\$34,990	\$31,601	\$98,837	\$102,140
Services	15,788	11,827	43,494	32,165
Total revenue	50,778	43,428	142,331	134,305
Cost of revenue:				
Products	8,529	8,818	23,501	23,655
Services	4,186	2,935	11,601	8,491
Total cost of revenue	12,715	11,753	35,102	32,146
Gross profit	38,063	31,675	107,229	102,159
Operating expenses:				
Sales and marketing	25,774	24,651	75,258	70,189
Research and development	13,562	12,342	41,542	35,416
General and administrative	6,892	5,141	20,122	16,035
Litigation expense (benefit)	469	910	1,939	(3,103)
Total operating expenses	46,697	43,044	138,861	118,537
Loss from operations	(8,634)	(11,369)	(31,632)	(16,378)
Other income (expense), net:				
Interest expense	(151)	(192)	(382)	(904)