

PDF SOLUTIONS INC
Form 10-Q
November 09, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

R 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 000-31311

PDF SOLUTIONS, INC.

(Exact name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

25-1701361
(I.R.S. Employer
Identification No.)

333 West San Carlos Street, Suite 1000
San Jose, California
(Address of Principal Executive Offices)

95110
(Zip Code)

(408) 280-7900

(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 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 R 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 R No £

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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.

<input type="checkbox"/> Large accelerated filer	<input type="checkbox"/> Accelerated filer	<input type="checkbox"/> Non-accelerated filer	<input type="checkbox"/> 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

The number of shares outstanding of the Registrant’s Common Stock as of November 6, 2012 was 29,090,206.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except par value)

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 50,932	\$ 46,041
Short-term investments	500	—
Accounts receivable, net of allowance of \$351 and \$254, respectively	34,213	20,863
Prepaid expenses and other current assets	3,234	3,717
Total current assets	88,879	70,621
Non-current investments	—	784
Property and equipment, net	3,577	777
Intangible assets, net	126	539
Other non-current assets	1,161	1,663
Total assets	\$ 93,743	\$ 74,384
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 818	\$ 974
Accrued compensation and related benefits	8,414	5,026
Accrued and other current liabilities	2,539	2,335
Deferred revenues	2,445	2,961
Billings in excess of recognized revenues	783	2,089
Total current liabilities	14,999	13,385
Long-term income taxes payable	3,092	3,489
Other non-current liabilities	162	667
Total liabilities	18,253	17,541
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.00015 par value, 5,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.00015 par value, 70,000 shares authorized: shares issued 33,793 and 32,635, respectively; shares outstanding 29,052 and 28,304, respectively	4	4
Additional paid-in-capital	218,034	208,826
Treasury stock at cost, 4,741 and 4,331 shares, respectively	(26,977)	(22,899)
Accumulated deficit	(115,477)	(128,789)
Accumulated other comprehensive income (loss)	(94)	(299)
Total stockholders' equity	75,490	56,843
Total liabilities and stockholders' equity	\$ 93,743	\$ 74,384

See accompanying Notes to Condensed Consolidated Financial Statements (unaudited).

PDF SOLUTIONS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
 (unaudited)
 (in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Design-to-silicon-yield solutions	\$15,305	\$13,903	\$42,484	\$37,473
Gainshare performance incentives	7,246	3,036	23,241	11,643
Total revenues	22,551	16,939	65,725	49,116
Costs of design-to-silicon-yield solutions:				
Direct costs of design-to-silicon-yield solutions	9,457	7,650	26,830	21,350
Amortization of acquired technology	—	156	261	468
Total costs of design-to-silicon-yield solutions	9,457	7,806	27,091	21,818
Gross profit	13,094	9,133	38,634	27,298
Operating expenses:				
Research and development	3,203	3,366	9,651	10,912
Selling, general and administrative	4,498	4,158	14,122	14,239
Amortization of other acquired intangible assets	51			