

SPLUNK INC
Form 10-Q
September 06, 2017
Table of Contents

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 JULY 31, 2017

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 001-35498

SPLUNK INC.
(Exact name of registrant as specified in its charter)

Delaware 86-1106510
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
270 Brannan Street
San Francisco, California 94107
(Address of principal executive offices)
(Zip Code)

(415) 848-8400
(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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

There were 139,990,162 shares of the registrant’s Common Stock issued and outstanding as of August 30, 2017.

Table of Contents

TABLE OF CONTENTS

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets as of July 31, 2017 and January 31, 2017</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended July 31, 2017 and 2016</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended July 31, 2017 and 2016</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended July 31, 2017 and 2016</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>15</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>32</u>
<u>Item 4. Controls and Procedures</u>	<u>33</u>
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>35</u>
<u>Item 1A. Risk Factors</u>	<u>35</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>57</u>
<u>Item 6. Exhibits</u>	<u>58</u>
<u>Signatures</u>	<u>60</u>

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Splunk Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

	July 31, 2017	January 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$419,810	\$421,346
Investments, current portion	663,737	662,096
Accounts receivable, net	208,082	238,281
Prepaid expenses and other current assets	49,412	38,650
Total current assets	1,341,041	1,360,373
Investments, non-current	5,000	5,000
Property and equipment, net	161,954	166,395
Intangible assets, net	34,577	37,713
Goodwill	138,681	124,642
Other assets	22,901	24,423
Total assets	\$1,704,154	\$1,718,546
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$8,984	\$7,503
Accrued payroll and compensation	93,843	100,092
Accrued expenses and other liabilities	84,002	81,071
Deferred revenue, current portion	482,196	478,707
Total current liabilities	669,025	667,373
Deferred revenue, non-current	167,004	146,752
Other liabilities, non-current	100,163	99,260
Total non-current liabilities	267,167	246,012
Total liabilities	936,192	913,385
Commitments and contingencies (Note 3)		
Stockholders' equity		
Common stock: \$0.001 par value; 1,000,000,000 shares authorized; 139,880,265 shares issued and outstanding at July 31, 2017, and 137,169,481 shares issued and outstanding at January 31, 2017	140	137
Accumulated other comprehensive loss	(1,349)	(3,013)
Additional paid-in capital	1,973,386	1,828,821
Accumulated deficit	(1,204,215)	(1,020,784)
Total stockholders' equity	767,962	805,161
Total liabilities and stockholders' equity	\$1,704,154	\$1,718,546

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

Table of Contents

Splunk Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2017	2016	2017	2016
Revenues				
License	\$142,851	\$115,695	\$259,577	\$216,687
Maintenance and services	137,113	97,058	262,835	182,018
Total revenues	279,964	212,753	522,412	398,705
Cost of revenues ⁽¹⁾				
License	3,159	2,868	6,087	5,830
Maintenance and services	56,717	41,748	111,952	78,286
Total cost of revenues	59,876	44,616	118,039	84,116
Gross profit	220,088	168,137	404,373	314,589
Operating expenses ⁽¹⁾				
Research and development	71,774	67,224	143,072	